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FBIS-EEU-94-221 *16 November 1994*

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Berisha Sees No Loss in 6 Nov Referendum

AU1511152894 Tirana TVSH Television Network in Albanian 1900 GMT 14 Nov 94

[Report by Amalia Dhamo on news conference held by President Sali Berisha in Tirana on 14 November]

[FBIS Translated Text] [Announcer] The referendum and 6 November is an achievement of democracy and it carries very important messages that should be assessed and taken into consideration, President of the Republic of Albania Sali Berisha declared at a news conference today. For more, here is the report:

[Dhamo] Addressing reporters at today's news conference, President Berisha opened his speech conveying thanks and cordial greetings to all Albanians who participated in the referendum on the draft constitution. Berisha considered the campaign for the draft constitution to be a new achievement of Albanian democracy and one among the most civilized.

Focusing on the important messages that 6 November conveyed, Berisha said:

[Begin Berisha recording] Its first message is that on 6 November, Albanians achieved a great victory of their democracy, by inaugurating for the first time the institution of a referendum, by means of which they will approve constitutions, laws, and determine and take great decisions. Thus, to my mind, 6 November was not a day of loss for Albanians—it was a victory of democracy for Albanians. It is true that on 6 November, Albanians did not vote in favor of the constitution, but on 6 November they showed a very high level of responsibility toward their country and democracy. How did they show this? They showed this with their massive participation in the referendum—one of the highest ever registered. I consider this to be an achievement of Albanian democracy.

On 6 November, they voted on the constitution, and the constitution received a no. I see that this negative vote for the constitution has powerful tendencies to be politicized. However, I think that this negative vote deserves an analysis, concentration, and attention to read the message in this vote. What was this negative vote? Why did the sovereign say no? Did he make it for the interest of one party? It is absurd to think this. The sovereign is unbiased. The people are cool. Then, how did the negative vote come? Why?

There are several layers here.

First, to be realistic, this no vote is a vote of dissatisfaction against the draft constitution. There is a certain percentage of this electorate who would prefer that this constitution have several other articles, i.e. would accept some amendments in the constitutional principles of this document, or in certain articles more than in principles. I think that they should not be scolded, as the constitution was not the most perfect one. No one can ever present it as the most perfect constitution.

During the electoral campaign, excuse me, the campaign for the referendum, I have repeatedly stressed this thing: Was this draft good? Yes, it was good. This cannot be denied. This was the international assessment. It was the estimation of all institutions that this draft was one of the best in Eastern Europe. However, the fact that the draft was one of the best means that there exist other drafts among the best ones, which will have a larger acceptance. In this context, this is a message that comes out of the negative vote, and that should be considered.

Second, there is a percentage protesting against the reform, an electorate that protests against the reform. Why is this electorate protesting against the reform? The electorate protests against the reform because it demands more, for many reasons; either the reform has really caused such a pain that they have still not recovered spiritually, and we should be aware of this; or they want this reform to be more accelerated and demand a more efficient administration or governing and a more active fight against corruption. Thus, I cannot say how much was the percentage of the protest, or of voters who protested, because I have not read everyone's thoughts to know how many they are or where they are. However, I want to guarantee and tell you that they should be again seriously considered.

Thus, what can be considered is summed up in three directions:

First, to accelerate the reform.

Second, the government should make efforts to alleviate its pains.

Third, the administration should necessarily be improved in its weak links, as well as strengthen the fight against corruption and create much more adroitness in the functioning of the administration.

On this occasion, I want to assure these protesters that despite the fact that their negative vote was bitter, against them there will be no... their message will not fall on deaf ears. Their message will be seriously considered by the government, parliament, president, and political forces.

The other layer, the other percentage of the negative vote is extremism, both right and left-wing. This is an adjunct of democracy, as well as of developed right and left democracies. They have their own ideas about systems that are based on extreme right or left-wing laws. However, they have received a very important final response.

What was the final answer in this negative vote and in this referendum? The final answer was that the locomotive of Albanian democracy is at the center—42 percent of the Albanian electorate voted in the center in favor of the constitution. Of course, if we compare the 42 percent with the sides, the 42 percent results to be the locomotive of the Albanian democracy. [end recording]

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[Dhamo] Later, Berisha focused on two main principles on which the government is working intensively. First, he said, I held a meeting with chairmen of the parliamentary parties, and found out with pleasure that there exists concern about constitution in each of these parties. As a solution, I proposed that parliament create a new constitutional commission that will compile a new draft, a draft constitution led by consensus and compromise.

Personally, Berisha said, as a key to consensus, I suggested two proposals: First, to consider the remarks of the Council of Europe, as they seemed to be fair and are right. Second, because the main debate among political forces, as I have understood, has been on the division of power, I came up with the proposal to choose one of the 15 models of the countries that are members of the European Union, regarding division of power and establishment of institutions.

We are Europeans, Berisha stressed later. We are one of the oldest people in Europe in culture, tradition, and soul. These draft constitutions have been proven, they have been proven 15 times. For this reason, I made that suggestion to the political forces.

[Begin Berisha recording] I am convinced that Albanians will not be dissatisfied with one of the forms of those countries that are currently members of the European Union. This is one of the most lofty goals of Albania—integration into the European Union. [end recording]

Later, Berisha pointed out that in all variants, one thing is certain: a referendum can no longer be avoided and this should not be considered. It would be absurd to think that Albania can have a constitution without a referendum, he continued. I hope that political parties, led by the desire to give the country a constitution as soon as possible, will reach the necessary consensus and assist in approving it, Berisha concluded.

At the end, President Berisha answered reporters' questions.

Commentary on U.S., European Views of Berisha

AU1611122394 Tirana POPULLI PO in Albanian 9 Nov 94 p 2

[Commentary by A. Leka: "The U.S. Ambassador Visits Socialist Party Headquarters"]

[FBIS Translated Text] The aftermath of the referendum has put the Albanian president in quite an unfavorable position. After acknowledging in an undertone his defeat in the referendum that he personally proposed, he now finds himself being battered by the foreign press and international public opinion. The leading, large- circulation newspapers of major countries have begun writing about him. Among them, according to the BBC, are THE DAILY TELEGRAPH and THE NEW YORK TIMES. They attack Berisha, accusing him of "destroying democracy in Albania," and speak about "Berisha's catastrophe," plainly describing the vote against the draft constitution—as is now recognized by everyone except Berisha and the Democratic Party—as a vote for democracy. The Albanian people, according to these newspapers, showed their desire for democracy, their awareness, and their striving to join the community of democratic countries.

These comments come not only from the press, but also from foreign diplomats. Yesterday, Tuesday afternoon, the U.S. ambassador to Albania had a meeting with the Socialist Party, a meeting about which its leaders preferred to make no comment. In contrast to his predecessor, the new U.S. ambassador did not accompany the Albanian president in his "victorious" mass rallies. He did not support him with declarations in favor of the constitution or the referendum. Yesterday he had a meeting with the largest Albanian opposition party, which implies that U.S. diplomacy toward Albania has changed. This defeat is an irreparable one for the Albanian president, who in all his meetings used to be accompanied by U.S. flags flying side by side with the Albanian ones, as if trying to say that the United States remained forever the dream of the Albanian people. However, Berisha will be feeling lonesome today, when the British ambassador to Tirana will also be visiting the headquarters of the largest Albanian opposition party, which is described by the president as destructive, while [Democratic Party Chairman] Selami plainly calls it "antinational." It seems that the European attitude has changed dramatically. The general opinion of Berisha's policy and the policy of the Albanian state has changed a great deal, after a long period of pensive silence. Albania now looks to be more distant from Europe and the civilized world than ever. Berisha's defeat, aside from indicating that he no longer enjoys his former popularity, shows that he is already out of the game now, and is headed toward a dangerous international situation. The present situation, in which Berisha seems to be assailed from all quarters, could logically lead him to resign. His mission, together with his former reputation, has perhaps come to an end.

Measure To Stop Illegal Oil Crossing to FRY

LD1511203894 Tirana Radio Tirana in English 1900 GMT 15 Nov 94

[FBIS Transcribed Text] An Albanian Government proposal would further impede the running of oil through the Albanian-Montenegrin border. The document is compiled by the specialist of the center related to the implementation of Resolution 820 of the Security Council of the United Nations. The document aims at destroying the main network of the unlawful export of the black gold through the Albanian-Montenegrin border. The newly taken decisions mark a new stage of the Albanian commitment, something much valued by the monthly reports of the Security Council of the United Nations. Within the first six months of this year, the competent organs have sequestrated 2,000 metric tonnes of fuels worth $90,000.

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Further Measures

AU1611130194 Tirana TVSH Television Network in Albanian 1900 GMT 14 Nov 94

[Report by Marash Mirashi]

[FBIS Translated Text] At today's meeting, the Council of Ministers approved a decision to further reinforce the embargo, in implementation of UN Security Council Resolution No. 820. The decision anticipates taking measures to prevent trade of fuel through Albania's northern areas in the direction of Serbo-Montenegrin border. Apart from breaking resolutions, this trade brings about damage in polluting the environment and disorders in domestic fuel trade.

At the proposal of the Agriculture and Food Ministry, a regulation on preserving and treating plant genetic matter was approved.

Upon the proposal of the Agency of Restructuring Enterprises, the Council of Ministers approved decisions to support the Textile Combine in Berat by financing the purchase of an amount of cotton at a value of 75 million leks, as well as to temporarily exempt the Glass Factory in Kavaje from taxation on circulation.

At the proposal of the Albanian Adoption Committee, the meeting approved tariffs that Albanian and foreign nationals should pay against adoptions made by this committee.

The Council of Ministers also endorsed two governmental agreements, one with the U.S. Government and one with the UNDP [UN Development Program], to donate investments amounting to approximately $1 million, which will be used for improvements in the customs houses in Qafe-Thane and Durres.

The council endorsed an agreement on the protection of investments with the Government of Belarus.

IMF Figures Disputed; Economy Seen Regressing

AU1611100194 Tirana POPULLI PO in Albanian 3 Nov 94 p 7

[Commentary by Ylli Limaj: "Falsifications in the Economy Act as a Brake on the Nation's Development"]

[FBIS Translated Text] The IMF has again come up with the sensational news that Albania, with an economic growth rate of 8 percent in 1994, tops the list of former European socialist countries. With a growth of 11.5 percent in 1993 and 8 percent in 1994, Albania is distinguished by "its rapid rates"! Even before the report was out of the IMF's mouth, our state and governing party made a big propaganda fuss of it. The people, however, have not yet tasted the manna from heaven.

There is no economic development in Albania whatever. Where have we been and where are we now? The reality is that the entire life of the people has entered the zone of minus figures. Economic growth is mere utopia!

This is where Albania has been, in terms of GNP and national income:

	GNP	Consumption	National Income
	1986 Prices in Billions of Leks		
1950	2.654	1.074	1.580
1960	8.035	4.256	3.779
1970	17.745	10.002	7.743
1980	30.196	17.997	19.199
1985	33.381	20.181	13.200
1986	34.762	20.749	14.013
1987	34.977	21.298	13.699
1988	34.955	21.324	13.631
1989	37.301	22.078	15.223
1990	34.278	21.156	13.122

If adjustments are made to reflect the liberalized prices, then the figures for GNP, consumption, and national income would be 10 times higher. Thus, in current prices, 1990 GNP was 342.780 billion leks, consumption 211.560 billion leks, and national income 131.220 billion leks. What are the corresponding figures today? There are no computer statistics. They publish nothing, and they are right to do so because aside from falsifications they have nothing to publish. Calculations show that the today's level of GNP is something around 100 billion leks, which means around 405 [figure as published] of what it was in 1990! So where is the growth? Albania is experiencing neither growth nor even stagnation because it is galloping backwards. Every state and institution can publish whatever figures it likes, but with figures such as these, no people on earth could be fed. What should be castigated is falsification, because falsifications in the economy act as a brake on it. The Albanian people must keep this truth in mind if they wish to join the family of developed nations. In this respect, the IMF assumes a regressive nature; its function becomes obstructive and not stimulating. No nation can progress without production activities.

In order to prove what is happening to the Albanian economy, facts about industry, agriculture, investment, and so on, will be given in forthcoming articles.

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Recent Greek, U.S. Airspace Violations Viewed

AU1511211694 Sofia TRUD in Bulgarian 5 Nov 94 p 6

[Report by Vasil Lyutskanov: "Foreign Aircraft Cruise Over Bulgaria; Politicians, Statesmen, Military Keep Mum"]

[FBIS Translated Text] TRUD has learned from military experts that the Greek military aircraft that violated Bulgaria's airspace were T-33 trainers.

Major General Ivan Parapunov, commander of our combat Air Force, maintains that the violations have been accidental. The training airplanes had participated in the "Parmenion" regular autumn maneuvers in northern Greece and entered Bulgaria because of poor navigation. This happens often in maneuvers, Gen. Parapunov claims. Well-informed sources recall that years ago our aircraft reached the island of Thasos. Nevertheless, experts point out that the scanty official information released by the Defense Ministry does not degrade the incident in any way.

Two Greek aircraft circled over Ivaylovgrad on 2 November. Early, at 0655 in the morning they made the first circle low above the Ludzha District of the city. In the late afternoon at 1711 local time they made another circle, this time over the villages of Pelevun and Drabishnitsa, and returned to Greece. The flights were detected by Air Force radar stations near the village of Kolibare. According to their information, the Greek aircraft was 4 to 5 km inside Bulgarian territory.

Other Greek aircraft cruised over the border guard positions near the villages of Generalovo and Mazek, south of Svilengrad, between 1710 and 1750 local time. The violators flew at a low altitude, taking advantage of the broken terrain, and the anti-aircraft units could not detect them. The information came exclusively from the radar stations.

No Bulgarian duty fighters took off on 2 November. However, on 3 November the duty Air Force and anti-aircraft units in the region were placed on a higher degree of combat readiness, in order to prevent further violations. Our experts think that this is locking the stable door after the horse had been stolen. There is an old trick according to which every aircraft on a training flight could carry photointelligence equipment. Placing our Air Force and anti- aircraft units in a state of increased combat readiness could be utilized by the Greek land electronic intelligence and the RC-135 intelligence aircraft to draw appropriate conclusions, experts claim.

There have been at least half a dozen avio-blunders in the last year, experts with a good memory recall.

On 12 October five F-16 U.S. aircraft deliberately flew over eastern Bulgaria, outside the air corridor approved by the National Assembly. The Ministry of Foreign Affairs did not say whether anyone was allowed through diplomatic channels to amend the aircraft's course, as the U.S. pilots claimed. Military, politicians, and state institutions kept mum.

Shortly before that, soldiers at our border positions tried to determine visually whether the two Greek aircraft flying at a high altitude had crossed the border over Petrich. The Air Force does not keep a record of such cases because it is hard to prove them.

During the summer, Serbian helicopters several times crossed the border in a neighborly manner and no one bothered them. No one found it appropriate to do anything about those cases.

On 23 June 22 small private Western sports airplanes entered our airspace from Turkey and violated the airspace in the region of the village of Radovets to the Dervish Hill above the Sakar Mountain. The Air Force and "Air Traffic Management" Civil Service passed the ball to each other for a long time over this case. The conclusions of experts have not been revealed yet to the public.

On 17 April a Serbian MiG-21 was 5 to 6 km inside our territory in the Trun-Kyustendil region. The Air Force Command declared a state of combat readiness, but the Serbian aircraft returned to Serbia.

Informed sources claim that in the first half of 1994 Air Force combat aircraft took off 10 times. Guard fighters of the First Anti-Aircraft Division alone took off eight times in defense of Sofia.

From December to February 1991 without any request or permission U.S. aircraft from the Mannheim base flew over Bulgaria. This became clear after the publication of an investigation in parliament in April 1994. This prompted a stormy scandal.

This year our Ministry of Foreign Affairs did not sent a single protest note when foreign aircraft and helicopters violated our airspace.

Only on 4 November did new Foreign Minister Ivan Stanchev meet with Greek Ambassador to Bulgaria Anastosios Sidheris and express our country's displeasure at the violation of our airspace by Greek military aircraft. Ambassador Sidheris has promised to present the Greek explanation of the case as soon as possible, the Defense Ministry Press Center reported. Shortly afterward the Greek ambassador was also invited for a talk on the same topic by Deputy Defense Minister Angel Manchev.

Seminar on Defense Strategy Concepts Opens

AU1611115194 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 16 Nov 94

[FBIS Translated Text] On 16 November at the People's Palace of Culture in Sofia, a two-day seminar on defense strategy concepts and their reflection in the Armed Forces' structure opened.

The seminar was organized by the Ministry of Defense and NATO's International Military Secretariat. The seminar is a part of the Partnership for Peace program for Bulgaria and has been coordinated with the 1994 working plan of the North Atlantic Council on Dialogue, Partnership, and Cooperation.

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During the two days of the seminar the participants will discuss theoretical issues related to the defense concepts, their reflection in the Armed Forces' structure and the economic characteristics of the defense production and supply.

Defense Minister Boyko Noev, who opened the seminar, stressed in his statement that Bulgaria's striving to become a regular member of NATO is a priority direction of our foreign policy. Bulgaria is not only seeking guarantees for its security. It also proved that it is a factor of security in the Balkans, together with Turkey, Greece, and Romania, the minister pointed out, and added that it is necessary to adopt specific steps in order to show to the world that the Balkans are no longer Europe's powder keg.

Major General Guy Bastian, deputy director of NATO's International Staff Planning and Policy Department, said that the defensive strategies are not the wonder remedy that will provide European security, but they have an important role in preserving that security.

Commission Allocates Air Time to Parties

AU1511164594 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 15 Nov 94

[FBIS Translated Text] The Central Electoral Commission has decided to allocate radio and television air time for discussions on issues and introductory and closing debates during the election campaign in the following manner:

The SDS [Union of Democratic Forces] will be allocated 45 percent of the total available air time; the BSP [Bulgarian Socialist Party] election coalition, which also includes the Aleksandur Stamboliyski BZNS [Bulgarian National Agrarian Union] and the Ecoglasnost Political Club, will also be allocated 45 percent; and the DPS [Rights and Freedoms Movement] will be given 10 percent.

According to a decision adopted by the Central Electoral Commission, from 3 December to midnight on 18 December, it will be forbidden to publish the results of public opinion polls conducted in connection with the elections.

The SDS announced that it will give up part of its election air time to the People's Union, while the BSP [Bulgarian Socialist Party] is likely to cede some of its time to the DAR [Democratic Alternative for the Republic] and the Fatherland Party of Labor.

The leaders of DAR described the Central Electoral Commission decision as strange, illegitimate, and conflicting with the letter and spirit of the law. Mrs. Mozer (leader of Bulgarian National Agrarian Union] rejected the offer made by the SDS, calling it an act of charity.

Zhelev Critical

AU1511174194 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 15 Nov 94

[FBIS Translated Text] In connection with the Central Electoral Commission's decision allocating air time on the electronic media between the parties during the election campaign, President Zhelyu Zhelev made the following statement today to a Bulgarian National Radio correspondent:

[Begin Zhelev recording] The decision that the Central Electoral Commission adopted today on allocating radio and television air time solely and exclusively between the BSP [Bulgarian Socialist Party], SDS [Union of Democratic Forces], and DPS [Rights and Freedoms Movement] creates conditions for placing the political forces on an unequal footing in the election campaign.

This decision deprives of air time the People's Union, Democratic Alternative for the Republic [DAR], and the New Choice political alliance, which had their own parliamentary groups in the 36th National Assembly. Because the Electoral Act was not amended, despite the desire of the vast majority of Bulgarian citizens to elect individual representatives, this decision now restricts their right to choose between a greater number of political forces.

Such a decision does nothing good for democracy and the establishment of a multiparty system. In the name of justice, I call upon the Central Electoral Commission to reconsider its decision. If this does not happen, I hope that the Supreme Court will repeal it. Bulgaria needs elections at which people can genuinely exercise their right to vote. [end recording]

Parties Sign Pre-Election Cooperation Agreement

AU1611121294 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 16 Nov 94

[FBIS Translated Text] On 16 November, the Union of Democratic Forces [SDS] signed a pre-election cooperation agreement with the Internal Macedonian Revolutionary Organization-Union of Macedonian Societies [VMRO-SMD].

This agreement with an organization that defends Bulgarian heritage is more than natural. It also is a symbol of the obvious truth that the SDS defends national interests and ideals, SDS leader Filip Dimitrov said after signing the agreement.

VMRO-SMD Chairman Stoyan Boyadzhiev noted that a crucial period has arrived, when the fate of Bulgaria and its future will be determined.

He presented the SDS leader with a sword.

The VMRO-SMD is likely to receive four places on the SDS election lists, of which three are considered certain to be elected and the fourth uncertain.

The VMRO-SMD has been offered places in the lists in Blagoevgrad, Kyustendil, and Burgas.

The agreement on pre-election cooperation includes a clause stipulating that the two organizations will work to resolve the socioeconomic problems of the refugees from Vardar Macedonia [in Greece], the Aegean, and their descendants in Bulgaria.

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Klaus on Achievements of 5 Years, Bosnia Embargo

LD1511195494 Prague Radiozurnal Radio Network in Czech 1715 GMT 15 Nov 94

[Regular weekly interview with Prime Minister Vaclav Klaus by Lucie Weissova, on 15 November; place not given—recorded]

[FBIS Translated Excerpt] [Weissova] Prime Minister, the day after tomorrow it will be five years since the student demonstration that triggered the Velvet Revolution. This is an opportunity to look back on those five years and see what has changed, what seems to us today to be a matter of course, and what, on the contrary, has caused some disappointment. When recalling your ideas about the future from five years ago, could you tell us whether your expectations have been met?

[Klaus] If I were to judge whether bigger or smaller success has been scored during the past five years, whether we should have made greater headway or not, I think I could hardly believe that things could turn out this way, that they could take a comparatively simple and pain-free course. I think this is an almost indisputable conclusion that has been somewhat overlooked in the vortex of everyday problems and difficulties.

But I think the overall assessment, which has been more often heard from the outside world than from our home environment, will in time definitely follow exactly this direction.

[Weissova] But, all the same, there must have been some disappointments.

[Klaus] They were only partial issues that brought disappointment. There is no doubt that the disappointment concerned partial issues. In a day, one can have many pleasant and many average experiences as well as experiences that might not be too hot. And one goes through the whole five-year period in the same style. But I do not think it was the sum total of everything that brought disappointment. There has most definitely been no disappointment in this respect. But, even though there were some individual disappointments or matters I wish had been done in a different way, I think the sum total of it is all right, and I am absolutely confident that the majority of this country's citizens feel the same.

[Weissova] One could probably describe certain scandals that occur from time to time as some blemishes. The Lizner case, the largest scandal, has recently acquired several dimensions. There is an alleged link between one of its protagonists and the StB [former secret police]. [passage omitted] Do you think these actions were planned by former StB agents?

[Klaus] I do not know. If I knew, I would have to go and tell everybody who is involved in investigation. I really do not know. I do not believe these actions were planned. I do not believe that someone somewhere has been controlling and organizing this affair. What seems to be at issue here is that these are people who are probably unable to live in any other way than this one, who are misusing the present time for their own enrichment, and who are getting involved in various activities.

On the other hand, some are able to cope with this situation and some are not. The latter appears to be Mr. Lizner's case, although I have a real feeling that the whole matter is getting more tangled rather than disentangled. I have a feeling that there is someone other than Mr. Lizner who is taking over the leading role at the moment. Simply, nothing else can be done. I would tend to rule out any organized, planned, and systematically prepared action. We should not be inclined to see some conspiracy behind every issue. [passage omitted]

[Weissova] In the UN Security Council, the Czech Republic has voted against lifting the embargo on arms for the Bosnian Muslims. Do you think the situation in the former Yugoslavia can be affected in any substantial way by extending or lifting the embargo?

[Klaus] Well, if the status quo is maintained somewhere, it usually means that things will remain as they are. If we want to change anything, and that was the case with the proposal to lift the embargo, we all have to ask ourselves what the possible consequences are. The Czech Republic really believes that it is not necessary to bring any more weapons to this area, where there are more than enough arms anyway. The idea of keeping the arms embargo seems to us to be correct. That is why the Czech Republic voted the way it did.

Portuguese Dignitaries Arrive for 3-Day Visit

Soares Meets With Havel

LD1511134194 Prague Radiozurnal Radio Network in Czech 1200 GMT 15 Nov 94

[FBIS Translated Text] Portuguese President Mario Soares and his wife Maria arrived in Prague today to begin a three-day state visit to the Czech Republic.

President Vaclav Havel welcomed them in the first courtyard of Prague Castle. After the castle guard marchpast, the statesmen and their wives left for private talks.

Mario Soares is scheduled to meet Prime Minister Vaclav Klaus today and will visit the Portuguese native art exhibition in Prague Old Town Hall.

Zieleniec, Barroso Talk

LD1511163094 Prague Radiozurnal Radio Network in Czech 1400 GMT 15 Nov 94

[FBIS Translated Text] Portuguese President Mario Soares has begun his official visit to the Czech Republic. Also in his entourage is, among others, Portuguese Foreign Minister Jose Manuel Barroso, who met our foreign minister, Josef Zieleniec, this afternoon. Zita Senkova reports from the news conference:

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[Senkova] The two foreign ministers praised the vigorous contacts between the two countries. Today's visit is an expression of the fact that mutual relations have been developing both in politics and economics. Ministers Zieleniec and Jose Barroso said the Portuguese delegation's visit places emphasis on the support for the Czech Republic and serves as an expression of Portugal's solidarity in our approach to Europe.

Portuguese Foreign Minister Barroso stressed Portugal's continuing support for the Czech Republic's integration into the European security and political structures.

Minister Zieleniec, responding to a question as to where, in our Foreign Ministry's view, lay the main significance of the visit of President Soares and his delegation to the Czech Republic, said:

[Begin Zieleniec recording] I would like to stress that, for us, President Soares's visit represents an important and symbolic culmination of (?our friendly) relations with Portugal. These are good and (?effective) relations because there are many similarities between our countries. [passage omitted] [end recording]

Need To Bail Out Construction Companies Viewed

95CH0036B Prague PRAGUE POST in English 11 Oct 94 p 11

[Article by Gary Byrd: "Government To Bail Out Large Construction Companies"]

[FBIS Transcribed Text] Many public construction projects in the Czech Republic were abandoned when property was transferred from state to private hands, leaving construction companies with staggering outstanding debts and no work.

Now the Czech government is lending a rare helping hand.

Prime Minister Vaclav Klaus is hesitant, but willing to sign government-backed guarantees for large-scale construction projects that will keep the country's largest construction companies from folding before mortgage legislation is passed next year.

The state projects include upgrading the republic's ailing rail and highway networks, giant industrial projects such as the Temelin nuclear power plant and Prague's Ruzyne Airport, and housing construction.

But the mortgage law, expected to pass next year, should jump-start the construction industry, which is currently plodding along at 48 percent of its capacity.

"Once the mortgage law is approved (by parliament), private housing will take off," said Jaroslav Sobisek, commercial department manager of the construction firm Vojenske stavby. "Lack of financial means is what is hurting the construction industry."

But until the new law goes into effect, banks continue to be tightfisted and loans at reasonable interest rates are difficult to secure. For this reason, as well as to rebuild the republic's neglected infrastructure, the federal government is allocating 20 billion Kc [koruna] ($730 million) in 1994—20 percent of total construction volume—to be spent on transportation infrastructure projects, including the D-5, D-801 and D-802 highways, the railway system and Prague's airport terminal extension.

Not surprisingly, many of the companies on THE PRAGUE POST's list of largest construction firms are working on government-backed projects. Vojenske stavby, Dalnicni stavby and Stavby silnic a zeleznic are working on the republic's highway projects.

The government is also giving a sorely needed boost to residential construction by earmarking an additional 7 billion Kc this year for new apartment construction. Only 32,000 apartments were completed in 1993, while 30,000 were vacated for sanitation reasons. According to one analyst, 45,000 to 55,000 new apartments are required each year to keep pace with population growth, especially in cities.

But there aren't enough government-backed projects to keep in the black all of the roughly 1,200 construction firms with over 25 employees each.

"Competition for these government contracts is very hard," said Borivoj Svarc, secretary to the general director at Stavby silnic a zeleznic. The company is involved in most of the large-scale highway and railway reconstruction in the republic.

Apart from a slight ripple in 1992, the total volume of construction projects in the republic has been on a downward slide for four years. Total volume fell from 128 billion Kc in 1990 to 93 billion Kc in 1993. Analysts predict the total volume in 1994 will be level with last year.

Most construction projects are either reconstruction or industrial projects, which together account for two-thirds of all construction in the republic. These two types of construction hit the skids just after the 1989 revolution. From 1990 to 1991, the two types of construction plummeted roughly 30 billion Kc, dropping the bottom out of the industry.

Renovations outside of Prague have yet to recover, but industrial construction is slowly inching upward. Eight of the 10 biggest construction firms on the POST's roster listed large industrial projects as their latest projects.

Vodni stavby Praha, for instance, is working on the Temelin nuclear power plant, and Inzenyrske a prumyslove stavby is working on the Ingolstadt oil pipeline.

But for many construction companies without the means to land gigantic industrial projects, business is stagnant.

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The most-cited reasons are a jump in production costs, work-permit crackdowns in Germany and new taxes.

"For us it is extremely difficult to get jobs in Germany," said Otakar Zelenka, manager of the commission department at Stavby mostu Praha. "Most Czechs can't get work permits because the Czech Republic is not in the European Union."

The German government is effectively cutting off construction contracts for Czech companies in that country by denying most Czech workers visas. Though in many cases Czech contract bids are lower, they are left out of contention because firms from EU (European Union) countries can work in Germany without restrictive work permits.

Increasing production expenses are also a problem. In 1990, costs accounted for about 90 percent of the value of production. In 1992, costs were 97.2 percent, offering companies little room for unexpected charges.

The rising cost of materials is one reason for the skyrocketing production expenses. The construction price index jumped 26 percent from December 1992 to December 1993, while at the same time the cost of materials climbed 13 percent.

Another substantial cost is labor. There are 280,000 construction workers in the republic—the highest number ever. The reason is that roughly 35 percent of all construction work is in the form of reconstruction projects, which requires four times as many workers as heavy construction, such as highway building.

Lastly, a 1993 law that substantially taxes construction companies continues to put cash-strapped companies in a bind, as money is spent to pay taxes that could have been spent on such items as expansion and marketing.

Though the recovery of the construction industry has been slow and often painful, some see a silver lining in that 70 percent of the construction work in the republic is being done by private companies.

"The competition is difficult, but necessary," said Vojenske stavby official Sobisek.

Oil Refinery Privatization Moving Forward

95CH0036A Prague PRAGUE POST in English 11 Oct 94 p 10

[Article by Michele Kayal: "Oiling the Wheels of Privatization in the Czech Petroleum Industry"]

[FBIS Transcribed Text] After a summer of backtracking, the government has approved a plan to privatize its lucrative petroleum industry by combining its two largest petroleum concerns and giving a foreign oil consortium exclusive rights to negotiate for a share in the action.

Under the plan, the assets of Chemopetrol Litvinov and Kaucuk Kralupy will be merged to form a single entity, and the refining and petrochemical businesses will be separated into independent daughter companies.

International Oil Companies (IOC)—an alliance of Italy's Agip Petroli, Total of France, the Dutch-English concern Shell and the American Conoco, Inc.—has been invited for exclusive negotiations for a share in the refining business.

Industry and Trade Minister Vladimir Dlouhy must submit technical and legal details of the merger to the cabinet by October 15, and the government hopes to have final contracts signed by the end of January.

IOC has offered $173 million in cash for a 49 percent stake in the refining business, and will later look to increase its share. It has also committed to an investment plan of $520 million over the next five years to help complete the $1 billion modernization of the refineries. It will contribute $20 million toward completion of the Ingolstadt crude-oil pipeline, which will relieve the Czech Republic's dependence on Russian oil.

Under the proposal to be negotiated by the Czech side and IOC, the refinery businesses of Chemopetrol and Kaucuk will be separated from other operations—such as the fertilizer and synthetic rubber divisions—and each will become an independent daughter refinery of which IOC will hold 49 percent. All four IOC members will participate in the consortium's stake in Kaucuk, but Shell will sit out on Chemopetrol.

"(The refineries) will be kept separate legal entities, but they will operate together in a joint partnership," said Gunther Binder, Conoco's director for Central and East European ventures. "This way you optimize both of the refineries."

The state will retain a 51-percent stake in the refining business for at least the next two years, conditional on completion of Ingolstadt and on the building of the country's crude oil reserves.

"When these two conditions are fulfilled, then we may open discussion of increasing the shares of IOC," Minister Dlouhy said.

Dlouhy said he expects crude to flow through Ingolstadt by spring 1996. He also said he would accept crude reserves lower than the West European standard.

The plan closely resembles one rejected by government economic ministers in May. The ministers argued at that time that they wanted to keep the refining and non-refining operations together and to try to finance the venture with domestic capital.

In July, issues became so tangled that the government scrapped a second set of plans and reconsidered the idea of separation and the inclusion of foreign capital.

In this round, IOC has offered to accommodate the government's concern about the petrochemical industry by agreeing to continue supplying raw materials to the

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plants at levels near the current prices, which remain artificially low. International market prices will be phased in gradually.

Dlouhy said the consortium's willingness to accommodate government concerns and the advantage of cash in hand turned the tide.

"Strong refineries are the base of future refineries," Dlouhy said. "And this possibility means immediate financial support."

Conoco official Binder said the IOC has been "very responsive to the needs of the government. At the same time, the main parties, including the government, have realized that it would be very difficult to recognize the overall scheme with only Czech money. We are bringing a lot of know-how and the possibility to export products into neighboring countries with an existing distribution system."

Government Stalling on Budvar Privatization

95CH0027B Prague PRAGUE POST in English 25 Oct 94 p 9

[Article by Maggie Ledford Lawson: "Budvar Wins Beer Battle With U.S. Namesake"]

[FBIS Transcribed Text] In a victory for Czech beer aficionados and a setback for the rushing tide of Western investment, U.S. beer giant Anheuser-Busch has scrapped its attempt to buy a stake in the brewer Budejovicky Budvar—for the time being.

Anheuser-Busch officials decided to pull out October 11 because they felt that the government was stalling Budvar's privatization, largely because of public opposition to the sale.

But Anheuser-Busch chief financial officer John Koykka said the St. Louis, Missouri, company continues to be interested in a minority equity investment in Budvar, and will pursue it once the Czech government resolves the issues that have complicated privatization.

Anheuser-Busch and Budvar have engaged in as long-standing trademark dispute over the name Budweiser, which Anheuser-Busch hoped to resolve by buying out the renowned south Bohemian brewery.

The dispute has its roots in the last century, when Anheuser-Busch began marketing beer under the Budweiser label. Budweiser has been a recognized beer name in Bohemia since the 1400s, and Budejovicky Budvar has been in operation for a century.

After several court battles, Anheuser-Busch holds rights to the name throughout a large part of the world, including North America. But it can't use the name in most of Europe, where Budvar holds the rights. Instead, Anheuser-Busch has to market its flagship beer as Bud.

Because Anheuser-Busch's proposed buyout appears to be falling through, further legal action is expected.

Even though ownership by Anheuser-Busch would give Budvar a chance to play ball with beer biggies around the world, it's hard to find a Czeck who supports the buyout. Even local journalists have abandoned their objectivity and been caught up in the emotion-charged issue.

At a press conference October 14, a number of Czech reporters applauded in response to warnings about the situation that would arise if the U.S. company were allowed to take over Budvar.

"The issue is: Should Budvar have another 100 years, or should it simply become an outpost of a larger empire?" the Campaign for Real Ale's Stephen Cox told the journalists. The campaign is a British organization that promotes the interests of small breweries.

The 9 a.m. press conference went down perhaps more easily because reporters were served large glasses of Budvar—then seconds and even thirds—as they listened to predictions that Anheuser-Busch would shut down the Budvar brewery and turn a time-honored brewing process into an assembly-line operation if the sale were to go through.

Petr Dousa, an analyst who covers the beer industry for Zivnostenska banka, agreed that Budvar is a precious part of the Czech heritage, but he said he believes Anheuser-Busch and Budvar may yet reach an agreement that is acceptable to all parties. Dousa added that even if they don't reach an agreement, both can be successful players in the Western European market.

Anheuser-Busch, which claims a 9-percent share of the world beer market, obviously is a formidable rival. But Dousa said Budvar, which ranks eighth in beer production in the Czech Republic, can still do quite well in regional markets.

"It will have its special niche," he said.

When told that Anheuser-Busch had suffered a setback in its efforts to gain a stake in Budvar, a group of fire fighters at a bar near Narodni trida clinked their glasses in joy.

"We want to keep Budvar in the family," said Miroslav Praxl, who fears that a takeover of the century-old Czech brewer by the American company would lead to the watering down of his favorite brew.

The folks from Anheuser-Busch shouldn't even think about trying to compete with Budvar, said Praxl. The Czech beer is superior because "it has more devils in it" than American beer, he said, emptying his glass.

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NATO's Joulwan, President Talk in Bratislava

LD1511203594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 15 Nov 94

[FBIS Translated Excerpt] At the invitation of Minister of Defense Pavel Kanis, General George Joulwan, NATO supreme allied commander for Europe, arrived in Bratislava today for a two-day visit to Slovakia. Editor Jan Baranek reports on the first day of the visit of the U.S. general.

[Baranek] [Passage omitted] The main point of Gen. Joulwan's visit today was his meeting with Slovak President Michal Kovac. Before that, Joulwan had talks with Minister of Defense Pavel Kanis, whom we asked for an assessment of the talks to date:

[Begin recording] [Kanis] These talks, in fact, are beginning with the meeting with the president. I had a 15-minute talk with the general. The main meeting will be tomorrow, but, during those few minutes, we briefed each other on the relations of the WEU [Western European Union] and NATO because I took part yesterday in the session of the Council of Ministers of the WEU, which unites 15 members, and we belong to the group of association partners. Our security policy is developing along several lines, along the NATO line, along the line of the CSCE, and along the line of the WEU.

[Baranek] Was the tense internal political situation in Slovakia reflected also in your talks?

[Kanis] I think that hard-boiled politicians and soldiers considered it natural that governments come and go. Admittedly, in such a young state as Slovakia, every day that is spent in useless procrastination is not very beneficial for Slovakia, and they naturally express the view that it is really our business as to how we solve our own problems. On the other hand, we have to say that the sooner these problems of forming the government are overcome, the better for Slovakia from the international point of view.

[Baranek] In this connection, I would like to ask what will guarantee the continuity of the policy of your department when the government in Slovakia changes.

[Kanis] I think the individual political parties do not have identical ideas on our becoming members in West European and NATO security, economic, and political structures. There are differences between parties, but, all in all, one can say that basically the orientation toward European and transatlantic structures is intrinsic to all of the parties, with a few exceptions. [end recording]

[Studio announcer] We asked Gen. Joulwan for an assessment of his talks with the president of the Slovak Republic. Joulwan said:

[Begin Joulwan recording in English with superimposed Slovak translation] We talked about a whole series of questions, but, above all, I expressed pride over the activities of Slovakia in the former Yugoslavia and over the progress in the Partnership for Peace program. Slovakia took part in two exercises held in Poland and the Netherlands. At the moment, we have in our headquarters a Slovak officer who coordinates the cooperation program. I am enthusiastic about the progress we have achieved in the sphere of military cooperation between NATO and the military of Slovakia. [end recording]

[Announcer] Gen. Joulwan and President Michal Kovac discussed at their meeting the problems of the Central European region, where Michal Kovac drew attention to cooperation within the Visegrad Four. In their conversation, they also touched on the conflict in the former Yugoslavia, and a part of the talks concerned problems in Slovakia. President Kovac assured the guest that the new government will continue in the current foreign political orientation of Slovakia. [passage omitted]

European Issues Discussed

LD1511204594 Bratislava STV 1 Television Network in Slovak 1830 GMT 15 Nov 94

[FBIS Translated Text] U.S. General George Joulwan, NATO supreme allied commander for Europe, started a two-day visit to Slovakia today. During his stay in our country, he has met and will meet numerous political and military representatives, including the foreign and defense ministers. Gen. Joulwan was received today by the president of the Republic.

At the meeting with the highest Slovak representatives, they talked mainly about the topical questions of the Balkan conflict. Michal Kovac said that the current development in this sphere is a lesson for Central Europe. The president then briefed the guest on the development of our relations with neighbors and added in this connection that Slovakia welcomes the charter of rights of national minorities recently adopted by the Council of Europe and that our Republic is ready to sign this document.

As to issues of collective security, Kovac told the NATO commander for Europe that the security system on the continent should include Ukraine and Russia.

George Joulwan said that NATO considers the position of Slovakia in the region as strategic and that NATO approaches us accordingly.

At the conclusion of the meeting, the Slovak president assured the U.S. general that possible changes on our internal political scene will not bring about a change in our basic foreign policy orientation.

Kukan Welcomes CE Minorities Document

AU1511145894 Bratislava SLOVENSKY DENNIK in Slovak 12 Nov 94 p 6

[TA SR report: "What Kind of Claims May the Ethnic Minorities Raise?"]

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[FBIS Translated Text] Bratislava—For Slovakia, the most important outcome of the meeting of the Council of Europe [CE] Ministerial Committee is the adoption of the Framework Agreement on the Protection of Ethnic Minorities' Rights, Slovak Foreign Minister Eduard Kukan, who attended the Committee of Ministers' meeting in Strasbourg on 10 November, said, adding that it is the first document of this kind that defines Pan-European standards for protecting ethnic minority rights.

It contains principles that the CE member countries should apply in relation to ethnic minorities. At the same time, it lays down the kind of claims ethnic minorities may raise against their countries' governments. What is important is that it is binding on all member countries.

"This document is acceptable for Slovakia if for no other reason than that it took a very active part in its drafting and that even now its provisions regarding ethnic minorities are in conformity with Slovak legislative norms," Kukan said. He noted that the adopted document could also be linked to the Pact for Stability in Europe, and, at the Strasbourg meeting, he proposed that the document become part of the Pact.

The framework agreement was formally adopted in Strasbourg and will start being applied after its signing by the representatives of CE member countries.

It is expected to be submitted for signing at the session of the CE Parliamentary Assembly in late January or early February of next year. During discussions on the document, the ministers failed to agree on a definition of the term "ethnic minority" and on the mechanism for monitoring the agreement's implementation.

[Bratislava NARODNA OBRODA in Slovak on 11 November on pages 1 and 5 carries a 500-word dispatch by Anna Capkova on the Committee of Ministers' meeting in Strasbourg. The dispatch quotes Eduard Kukan as having told the NARODNA OBRODA correspondent that "the document is in full accord with our legal system and political interests. We were prepared to sign it immediately inasmuch as it was approved at the last meeting of the Slovak Government on 8 November, following consultations with political parties making up the present majority coalition in parliament."]

Kukan Warns HZDS Against Media Interference

AU1511143194 Bratislava DENNIK in Slovak 12 Nov 94 p 2

[TA SR report: "Painting Reality in Glowing Colors"]

[FBIS Translated Text] Bratislava—"If measures were taken in Slovakia that would mean interference with press freedom and the rights to acquire and disseminate information, foreign countries would respond immediately. The approach of government representatives to the journalistic community is a matter the West watches very attentively, and reactions to any incorrect interference are sensitive," Slovak Foreign Minister Eduard Kukan said in response to various protests by journalist, student, and scientific organizations warning against efforts by the victorious coalition of the Movement for a Democratic Slovakia and the Farmers Party of Slovakia to impose political control on key public electronic media institutions. Asked whether it was common world practice for television and radio bodies solely to consist of representatives of victorious parties, Kukan replied that Slovak Television and Slovak Radio serve the whole of society and that their supervisory councils should be representative and democratic. This means that representatives of all parliamentary parties and movements should be represented in them, he stressed. Attempts to "paint the reality in glowing colors" and the fabrication of articles ignoring negative phenomena in society and distorting objective reality in an endeavor to create a favorable image for Slovakia abroad are, according to Kukan, superfluous and often diametrically contradict foreign journalists' evaluations. "I think the writings of foreign correspondents will be taken more seriously abroad," he noted.

Luptak: ZRS May Support HZDS Government

AU1611103294 Bratislava SME in Slovak 11 Nov 94 p 1

[Interview with Miroslav Kocnar, deputy chairman of the Association of Workers of Slovakia, by Dasa Matejcikova; place and date not given: "If Prime Minister Designate Vladimir Meciar Were Sure, He Would Announce Government Formation"]

[FBIS Translated Text] [Matejcikova] Before the elections and also after them, Jan Luptak, chairman of the Association of Workers of Slovakia [ZRS], reiterated several times that the ZRS would not enter any government under any circumstances. Can you confirm his words today, after the formation of the parliamentary coalition of "83" [comprising the ZRS, the Slovak National Party, and the Movement for a Democratic Slovakia]?

[Kocnar] If, in spite of emerging unrest among the population, the other parties were unwilling and unable to form a government without the participation of the ZRS, if we saw that the social climate is worsening, if Slovakia's reputation in the world were worsening, and if we had to face such a situation, we would be willing, not willing but obliged, to declare our support for one government or another.

[Matejcikova] How? By entering it?

[Kocnar] No agreement exists, no clause, no rule or principle saying that you can support a government only by entering it. That is, if the ZRS unequivocally agreed to sign an agreement, a written agreement, we clearly would be members of the coalition government without

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necessarily having any representative in it, and a government could thus be formed. If Prime Minister-designate Vladimir Meciar had the certainty that we would be willing to sign an agreement on governmental cooperation, I do not see a reason for him not to announce to the president the formation of a government.

Would Join To Avert 'Chaos'

LD1511161694 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 15 Nov 94

[FBIS Translated Excerpt] Journalists showed great interest today in a news conference held by the representatives of the Association of Workers of Slovakia [ZRS]. [passage omitted] Ludmila Bulakova has some details:

[Bulakova] The first and fundamental question was why the ZRS does not want to join the government even though it takes part in legislative power and was given several posts in some important state bodies, such as the National Property Fund and the Supreme Inspection Office, and is represented in all three councils for electronic media.

ZRS Deputy Chairman Miroslav Kocnar's answer was, in fact, a counterquestion: Why should one expect the ZRS to forget its promises given to workers in exchange for parliamentary posts? According to Miroslav Kocnar, the ZRS is a party of principle.

However, at the insistence of the journalists, the ZRS first deputy chairman had to return to the matter of participation in the government several times during the news conference, which lasted over an hour.

As a result, we learned that the ZRS will join the government if it sees that there is no social consensus and that other, bigger political parties are not able or willing to agree on forming a government. Thus, the ZRS will only agree to take part in the government if there is a threat of chaos in society.

Answering a question on when the conditions for the ZRS to join the government will emerge, Miroslav Kocnar said briefly that it is their copyright.

With regard to the current situation in Slovakia, Kocnar said that the time for the government formation is not yet pressing. In his view, the institutions are still functioning and people are basically satisfied. [passage omitted]

Another issue closely related to the government formation is the parliamentary cooperation between the ZRS and the Movement for a Democratic Slovakia [HZDS]. As for the concluded ZRS-HZDS agreement, we have learned that the agreement was signed only to serve for the first two days of the parliamentary session. The ZRS does not see any reason to publish the agreement because it is no longer topical. [passage omitted]

Miroslav Kocnar assured the journalists that the ZRS will hold talks with the HZDS on future parliamentary cooperation.

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Prime Minister Reshuffles Government Personnel

LD1611122194 Budapest Kossuth Radio Network in Hungarian 1100 GMT 16 Nov 94

[FBIS Translated Text] On the basis of the first four months of the government's operation, the prime minister has made decisions relating to personnel changes at the state secretary level.

Beginning tomorrow, the political state secretary at the Defense Ministry will be Istvan Fodor. His predecessor, Adnras Toth, has been replaced and appointed political state secretary at the prime minister's office—cabinet chief.

Piroska Apro, who has been cabinet chief, has been removed from her post of titular state secretary, with recognition of her merits.

Simultaneously, the prime minister has abolished the advisory body, because he does not wish to restrict the advisers, either in their public performance or in their financial and economic activity.

We asked government spokeswoman Evelyn Forro to provide more information about the prime minister's decision. Krisztina Antalffy telephoned her.

[Begin recording] [Antalffy] Why did the prime minister decide to dissolve his advisory body? After all, wasn't it set up recently?

[Forro] The reason the prime minister made this decision was because it has not been possible to clarify various misunderstandings and incompatibility problems. These were disrupting the functioning of the body. Incidentally, the prime minister stated this in a letter to the members of the advisory body, and at the same time he thanked them for their work.

The prime minister did not wish to restrict the advisors in the way they perform in public, or restrict them from being able to hold various functions in financial and economic organizations. I am thinking of their membership in the Council of Directors or the Supervisory Committee. For this reason he believes it would be more expedient to abolish the operation of the advisory body.

[Antalffy] I assume the aforementioned are the so-called incompatibility problems. What are the misunderstandings that have been impossible to remove?

[Forro] If you will recall there were a lot of problems connected with the body's performance in public. Many left the body. They assumed the work they had to do was not what they had been asked to do. This added to various problems, and I think that these kinds of misunderstanding by no means served either the government or the body.

[Antalffy] It was also reported today that Piroska Apro, the prime minister's cabinet chief, has been dismissed. Is this connected with the fact that the name of Piroska Apro is being linked with yesterday's Agrobank affair?

[Forro] I do not think there is any kind of connection. At least I have no knowledge of any connection. The fact that Piroska Apro is stepping down as head of the cabinet office is part of the process that began two weeks ago. The prime minister weighed the experiences of the past four months and he reached the conclusion that various organizational changes are necessary, and this has personnel consequences. [end recording]

Defense Minister Keleti on NATO's Importance

AU1511203794 Budapest UJ MAGYARORSZAG in Hungarian 14 Nov 94 pp 1, 3

[Interview with Defense Minister Gyorgy Keleti by correspondent identified as "R.M."; place and date not given: "We Need NATO"]

[FBIS Translated Text] The heads of the Hungarian Defense Ministry and the Hungarian Foreign Affairs Ministry will leave for Brussels on 15 November to sign the individual Hungarian peace partnership offers. Defense Minister Gyorgy Keleti gave us a short interview prior to his departure.

[UJ MAGYARORSZAG] Western military politicians said recently that Hungary does not seriously intend to join the NATO. What is your opinion about this? Do we really need NATO?

[Keleti] No NATO or other military politician has expressed such an opinion to us so far. Recently, I held talks with leading U.S. defense politicians, and no opinion emanated from them. How important is NATO for Hungary? First of all, we can be part of the collective European security system that, hopefully, will guarantee peace and security in Europe in the long term, or perhaps even forever.

[UJ MAGYARORSZAG] To what extent are Hungary and its government open to NATO membership?

[Keleti] By declaring its firm intention to join NATO, the Hungarian government provided enough proof that it is serious and will do everything in its power to succeed in this endeavor. I think that the Hungarian public also agrees with this. The army does not yet fully agree, but this has nothing to do with the spirit of this intention to join. Instead, it has to do with the fact that the technical conditions for compatibility and cooperation must also be created. Leadership, automation, and air defense are the areas that must receive priority. Military readiness is also a very important issue. The essence of the Partnership for Peace program is to have a certain period of time for consistent transition in accepting this partnership.

[UJ MAGYARORSZAG] In your opinion, when will this take place?

[Keleti] I think this will take place earlier than our EU membership.

[UJ MAGYARORSZAG] What concrete proposals will you put forward in Brussels?

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[Keleti] We formulated our plan together with the Foreign Ministry, a plan approved by the government and the Defense Committee, and one already coordinated in Brussels. I hope this will also be part of the final goal, namely our NATO membership.

[UJ MAGYARORSZAG] How do you envision peace partnership cooperation with neighboring countries?

[Keleti] We intend to invite neighboring countries as observers to the joint U.S.-British-Hungarian military exercises scheduled for next year. We will carry out the responsibilities we accepted in the framework of the peace partnership program; at the same time, in this spirit, there are also opportunities to broaden our bilateral relations. We will have to work out the relevant plans in the coming months. Naturally, I will only be able to come up with concrete details when the legistature adopts the budget and the Army's training program is complete. But I will travel to Bucharest next week to hold talks with my colleagues there as part of all this. We will probably discuss concrete issues too.

Defense, Foreign Ministers on NATO Integration

LD1511213494 Budapest Duna TV in Hungarian 2000 GMT 15 Nov 94

[FBIS Translated Excerpt] In Brussels the representatives of our country and the NATO leaders have agreed on a cooperation program between Hungary and NATO. With this step Hungary moved closer to the implementation of the Partnership for Peace and to becoming a member of the organization at a later date. Foreign Affairs Minister Laszlo Kovacs and Defense Minister Gyorgy Keleti talked to our program about the significance of the event. [passage omitted]

[Begin recording] [Kovacs] I think that the expansion of the integration from the west to the east will satisfy needs and requirements fully only when the central and eastern European countries are not only passive parties in this process but active participants, whose opinions, ideas, priorities, and aspirations can be taken into consideration by the current members of the Western integration organizations.

[Keleti] The Hungarian Government is dedicated to integration into NATO. Therefore, we submitted a program which, on one hand, makes it possible for our armies to get closer to each other; and on the other hand, makes it possible to improve, for example, the logistic system of the Hungarian Army through talks and consultations; as well as to hold joint exercises where the Hungarian soldiers can meet foreign soldiers, particularly those from NATO member states, in order to practice peacekeeping.

All of those who work at the Defense Ministry or at the headquarters of the Hungarian Army are working for Hungary's becoming a full member of NATO and for the modernization of the Army. [end recording]

Coalition Agrees on Draft Media Bill

LD1411214294 Budapest Kossuth Radio Network in Hungarian 1700 GMT 14 Nov 94

[FBIS Translated Text] There is no chance for the media bill to be passed before February 1995, although the proposals made at the six-party coordination talks have been taken into consideration in the new draft of the bill. Judit Laszlo reports following the session of the coalition coordination council.

[Laszlo] At the six-party talks on the media bill last week, the opposition was not united regarding the number of supervisory committees and bodies of the public foundations that are to run the public service media. Therefore, the coalition parties still insist that one public foundation, one body, and one supervisory committee should be established for all three public service media.

With regard to the opposition's proposal, a social supervisory committee with eight to 12 members—including representatives of Hungarians outside the country—would be formed to oversee programs of Duna Television, Hungarian Television, and Hungarian Radio on matters beyond the borders. This is one of the elements of the five-point agreement between the Hungarian Socialist Party [HSP] and the Alliance of Free Democrats [SZDSZ], HSP deputy Gyoergy Janosi said.

The two coalition parties have also taken a stance that the mandate of the future public limited companies' chairmen can be extended for four years by the body with a two-thirds majority decision, on one occasion, without advertising the post.

As far as the budget is concerned, the coalition prefers that any government would not voluntarily tighten or enlarge the institutions' budget. On the one hand, from 1 January 1996, the state budget will guarantee revenue from subscription fees; and on the other, the institutions will receive grants from the budget based on a certain percentage of either the subscription fees or the broadcasting charges.

The duration of advertising has also been regulated. Commercials are limited to nine minutes per hour until the end of December 1995 and to six minutes per hour beginning 1 January 1996. The coalition agreement, which also takes into consideration the opposition's proposals, will be sent to the ministries' administrative state secretaries and the opposition. At a later date, the legislature's Cultural Committee will also discuss it. Peter Molnar, on behalf of the SZDSZ, has expressed the hope that, following these preparations, the media law can be passed in February 1995.

Economic Committee Chairman Views Privatization

AU1511202694 Budapest MAGYAR HIRLAP in Hungarian 12 Nov 94 p 11

[Interview with Marton Tardos, chairman of the National Assembly Economic Committee, by Gizella

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Ivan; place and date not given: "Marton Tardos: The Draft Bill Is Flawed on Many Points—Privatization Management Is Weak"]

[FBIS Translated Text] The fact that it was not possible to set up the new privatization organization in four months means that, as in the past, the leadership continues to be indecisive and weak. As a result, the supervision of companies has been weakened and the effective preparation of privatization is still being delayed, according to Marton Tardos, chairman of the Economic Committee and privatization expert of the Alliance of Free Democrats [SZDSZ]. He added that he had also heard that the government intends to give a different role to Ferenc Bartha, government commissioner for privatization, but he does not consider this justified.

[Ivan] How harmful is this delay for privatization?

[Tardos] It further hinders the already slow process. The government commissioner for privatization spent an unreasonably long time preparing the draft proposal and coordinating it with the government. The SZDSZ—formerly in opposition—objected specifically to the fact that the privatization institutions are mostly bureaucratic in dealing with supervising the operation of state property and privatization itself. The fact that it was not possible to set up the new organization in four months resulted in a weakening of control over the companies and in causing further delays in the effective preparation of privatization.

[Ivan] What are your views on the draft privatization bill that has been passed by government?

[Tardos] I find it flawed and not properly drafted on many points. Most of my objections are to the status of the new institution. We, Free Democrats, clearly stated before the establishment of the State Property Management Corporation in 1992 that we considered unacceptable the concentration of decisionmaking rights over a significant part of the national assets in a single corporation [egyszemelyi tarsasag]. The reason is that, this way, it is impossible to implement social control and transparency, and we also said that many solutions were contrary to the Constitution. The organization that is being formed now wishes to concentrate an even bigger sphere of authority in a single corporation. In the course of debate on the bill, the government either has to agree that this privatization management body will not operate in a corporate form or will have to set up a corporation similar to the National Bank Inc. [MNB] which is a corporation but operates within the general framework of the law on corporations. The law that establishes the corporation will have to define the legal framework of operation, as the law on the Central Bank did in the case of the MNB.

[Ivan] Whether the State Privatization and Property Management Inc. [APV RT] should be commissioned to handle the assets that belong to it or whether it should be given ownership right of the companies was also debated. What is in the draft bill?

[Tardos] The current proposal assumes that this institution has direct ownership rights. In my view, this is also a mistake; the assets should be withdrawn and the institution to be set up must be given asset management rights. The actual task of the institution also must be clearly defined in the law. It must be made clear that the main tasks are implementation and, until this is completed, supervision of asset management in given instances. The law must not deal with issuing of treasury assets. The law also must clarify that the new institution has to report to the legislature on the implementation of its tasks.

[Ivan] Does the draft say that representatives of the parties will also be part of the APV RT's supervisory body?

[Tardos] It was an explicitly essential part of the former proposals that the supervisory body should be an important body of legislative control. This was left out of the latest draft.

[Ivan] Did the government have any debates on this?

[Tardos] All I know is that Gabor Kuncze said he does not agree with the proposal and the SZDSZ would submit an amendment in the National Assembly debate.

[Ivan] Has it actually been decided how the major national service enterprises will be privatized?

[Tardos] It has. It is certain that special measures will be employed in the case of MOL [Hungarian Oil Inc.], MATAV [Hungarian telecommunications], MVM [Hungarian electricity], and Antenna Hungaria [Hungarian broadcasting]. The law will have to determine the guidelines for this. However, these are still general in the current text.

[Ivan] Therefore, we have a government proposal that will eventually be brought before the National Assembly, but even the government parties are considering amendments to it.

[Tardos] Presumably, the current form of the proposal will be brought before National Assembly without major changes. Due to the unresolved nature of certain issues, the government parties will also probably submit amendment motions. Hopefully, the government supporting politicians will coordinate their amendment motions before submitting them.

[Ivan] We have not yet heard much about personnel issues. Logic says that the current government commissioner for privatization should be appointed to head the APV RT; however, rumor has it that the government intends to give a different job to Ferenc Bartha.

[Tardos] I also have heard this news but I do not see any justification for giving a different job to Bartha.

[Ivan] It has also been mentioned that you would be the leader of the united organization....

[Tardos] This is incompatible with being a deputy. Therefore, I think that, in this particualr situation, the rumors are unfounded.

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State Audit Office: 1995 Budget Unrealistic

LD1411201594 Budapest MTV Television Network in Hungarian 1830 GMT 14 Nov 94

[FBIS Translated Excerpt] The National Assembly deputies have received the State Audit Office's [ASZ] opinion on next year's draft budget. Peter Radics reports:

[Radics] Good evening. I have here the ASZ's report on next year's budget. It says that the government did not make realistic plans in the majority of the chapters. Expenditures are expected to be greater than what was calculated, partly due to the fact that the ministries kept hoping that they would improve their positions in the course of normal bargaining.

There is no harmony between the tasks and financial resources of the budget-run sphere, the ASZ says. This means there are too many tasks and too little money. The result will be overspending again.

Incidentally, the ASZ report is unsure if the budget's revenues will be realized at all. [passage omitted]

Central Bank Chairman Bod Views Budget Deficit

AU1411185594 Budapest MAGYAR HIRLAP in Hungarian 12 Nov 94 p 12

[Interview with Akos Peter Bod, chairman of the National Bank, by "P.E."; place and date not given: "Good Monetary Policy Does Not Exist Along With Such a Big Budget Deficit—We Seek Support Through Publicity"]

[FBIS Translated Text] *The participants in the conference that ended on 11 November marking the 70th anniversary of the Hungarian National Bank [MNB] emphasized the importance of the central bank's independence and the imposition of ever tougher limits on financing the state administration. MNB Chairman Akos Peter Bod also spoke about this. We asked Bod to what extent the principles are implemented in practice.*

[MAGYAR HIRLAP] In your lecture, you said that the central bank should eventually withdraw completely from financing the state administration deficit. However, the current situation is not favorable for this; in fact, looking at 1993, the Central Bank was forced to provide more financing than what is prescribed in the law. At that time, the budget was accepted by violating the Law on the Central Bank. Do we need to expect the same thing this time?

[Bod] The draft budget bill for 1995 does not have any elements that would force the Central Bank to finance the state administration to a greater extent than laid down by the law, which is 3 percent of the total planned revenue. However, the limit laid down in the law is seen as an obligation rather than a limit, and the Central Bank cannot accept this under the current circumstances. According to the MNB, the level of financing should be reduced. The idea that the deficit might decrease as a result of financing by the Central Bank did not come true in 1994 either. The Treasury has to gather funds to cover the deficit in the capital market.

[MAGYAR HIRLAP] However, the market interest rates are too high, which makes the treasury's debt servicing costs rise steeply. The Finance Ministry has suggested a number of times that the interest rates should be reduced, the same was also expected from abolishing the source tax [forrasado], but this did not have the expected effect. It has come to light on many occasions that the Finance Ministry does not agree with the Central Bank's interest rate policy....

[Bod] And the Central Bank does not agree with the size of the planned budget deficit. If the budget deficit was reduced, then the danger of the amount of money in circulation increasing and inflation running high would cease to exist, and high interest rates would not have to be maintained. Actually, increasing the interest rates is pointless beyond a certain level because it does not reach the desired effect. Therefore, if the payment balance deficit continues to be high, then the fiscal policy cannot remain idle.

[MAGYAR HIRLAP] However, the conflict arising between the Central Bank and the Treasury due to the size of the budget deficit indicates that a solution does not yet exist. Do you agree with this?

[Bod] We are still holding talks with the Finance Ministry to try to achieve, after the written messages, that the deficit and the level of the Central Bank's financing be reduced. It is simply impossible to build an acceptable monetary policy on the planned deficit. This way, it is impossible to keep to the 2 billion [currency not specified] current account deficit that is suggested by the Central Bank. If the deficit is any bigger, then the foreign indebtedness will continue to increase.

[MAGYAR HIRLAP] What size budget deficit is considered acceptable by the Central Bank, 250 billion forints?

[Bod] I would not like to mention any figures, because we will soon be holding joint talks with the IMF.

[MAGYAR HIRLAP] What can the Central Bank or its chairman do if it does not come to an agreement with the Finance Ministry on the level of the budget deficit and the issues of financing during the current talks?

[Bod] I cannot assume the role of a parliamentary opposition. If we do not manage to agree with the ministry on an expert level, then we will be forced to turn to the public.

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Walesa Said To Propose Okonski To Head Defense

LD1511201694 Warsaw Radio Warszawa Network in Polish 1900 GMT 15 Nov 94

[FBIS Translated Text] A meeting of the Polish Peasant Party and the Democratic Left Alliance [SLD] parliamentary floor groups is currently in progress in the Council of Ministers' Office. A Polish Radio reporter has unofficially learned that a speech by Prime Minister Waldemar Pawlak was entirely devoted to the successes of the coalition in the past year. The prime minister also asked the SLD deputies to carefully observe the role of Minister Wieslaw Kaczmarek in the dismissal of Bodgan Pek from the post of chairman of the Sejm Privatization Commission. Later, Aleksander Kwasniewski, leader of the SLD group, took the floor.

This news just in. Our reporter has unofficially learned from the SLD deputy that President Lech Walesa proposed Miroslaw Okonski for the post of minister of national defense. Okonski was the deputy minister for foreign economic cooperation in Hanna Suchocka's government.

General Staff Spokesman Assails Kolodziejczyk

LD1511200794 Warsaw PAP in Polish 1728 GMT 15 Nov 94

[FBIS Translated Text] Warsaw, 15 Nov—Lieutenant Colonel Zdzislaw Czekierda, spokesman for the chief of the Polish Army General Staff, has described yesterday's statement by former National Defense Minister Piotr Kolodziejczyk that "young officers in the Army are in favor of joining NATO, while some of the old officers miss the old system" to be an attempt to set the professional soldiers at odds with one another.

"Such a statement by the former superior, not supported by any evidence, has been received as a deliberate attempt to set the professional soldiers at odds with each other. Is that what the former defense minister had in mind?" Czekierda asks in a statement for PAP today.

Among other things, the former defense minister said on 14 November that the majority of officers understand where Poland's security interests lie. There is, however, a small group of people "who cannot break down their own mental barriers and who have been missing the good old system (...)."

With "unconcealed astonishment," Czekierda familiarized himself with other accusations by the former minister, directed, among others, against the leadership of the General Staff of the Polish Army. He writes in the statement that he can understand the grief and bitterness of a dismissed politician, but he cannot understand the attitude of the "retired admiral who formulates unfounded accusations against the commanders of the Polish Army. This public campaign against the generals by their former superior has been received by the military with the utmost embarrassment."

The spokesman recalled that "regarding the issue of the alleged guilt of the chief of the general staff and other high-ranking commanders, the Sejm National Defense Commission adopted an unequivocal stand. This requires no comment," Czekierda added.

According to the spokesman, "the statement by Mr. Kolodziejczyk, who publicly announced that, as far as integration into NATO is concerned, the Army is in the same position as a year ago, is surprising. Of course, the former defense minister has the right to criticize his one year in office. However, he has no right to undermine the great achievements of the Polish armed forces in their efforts to integrate with the NATO military structures." According to Czekierda, the facts refute this accusation.

The spokesman recalled that it was the Army that last year organized in Biedrusko the largest maneuvers within the Partnership for Peace program—"Cooperation Bridge '94." In addition, joint training of Polish and French highland infantry has taken place in the Silesian Military District, and maneuvers involving soldiers from Poland, Germany, and Denmark have taken place in the Krakow Military District. Polish soldiers also trained abroad, in France and the Netherlands. The Navy made a large contribution to the Polish-NATO rapprochement, the spokesman's statement said.

Czekierda also recalled that the chief of general staff of the Polish Army received in July of this year General George Joulwan, supreme commander of the NATO joint forces in Europe. During this visit, a schedule and scope for the training of Polish soldiers with NATO armies were decided. The spokesman recalled "this fact in connection with another unfounded accusation by Mr. Kolodziejczyk about the alleged reluctance of the leadership of the general staff to join NATO. It is the generals who understand our raison d'etat and the need to ensure Poland's security, which is seen precisely in the fastest possible political and military integration into NATO. It is worth considering whether this integration might not be delayed by certain statements by the former minister."

The spokesman stressed that facts confirm the "enormous personal contribution to military integration with the West made in the past and at present by General Tadeusz Wilecki. The latest, highly symbolic, recognition of his role in this field was the award of the knight commander's cross of the Legion of Honor from the French president," Czekierda said.

Walesa Speech at Military Awards Ceremony

WS1511135894 Warsaw SERWIS INFORMACYJNY PREZYDENTA in Polish 1101 GMT 11 Nov 94

[Text of speech by President Lech Walesa at Military Award Ceremony on 11 November; place not given]

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[FBIS Translated Text] Lech Walesa, president of the Republic of Poland, awarded general's nominations and Crosses of the Medal of Poland's Rebirth. During the ceremony, he said:

"Dear Generals, Ladies and Gentlemen!

"The nominations you have received show recognition of your knowledge, achievements, and experience; of your military talents and skills; of organizational abilities you have displayed on various levels of command. You are the elite of the Polish Army. You have an influence on its image, on its effectiveness, on the level of training and combat readiness. The condition of the Polish Armed Forces and our sense of security depend on you.

"The President is also constitutionally responsible for state security. That is why I want the condition of our Army be the best it possibly can—so it can effectively guard the Polish raison d'etat, watch over national security.

"Ladies and Gentlemen, Dear Generals!

"A modern and well-organized Army is crucial to Poland's security. But it is fully guaranteed only through membership in European defense structures. That is why we have attempted to enter the North Atlantic Treaty with such obstinacy and consequence, to become a real, full-fledged member.

"We are proceeding well. We have made significant progress in our political dialogue with Western partners. Poland's entering NATO is being met with more understanding. The belief that our membership in these structures lies in the interest of all of Europe is becoming more widespread.

"Whether we achieve the ultimate goal of entering NATO depends on us. It depends on whether we are capable of adapting our armed forces to modern requirements, whether we create a modern and effective army, strong and apolitical, capable of cooperating with others in creating an effective security system on our continent.

"Deep reforms are therefore needed in our country—a redefining of the role of the Army in society and in the state. This implies a necessity to establish, by way of adequate resolutions, civilian control over the Army, formulating a clear program for its transformation, excluding it from party conflicts, establishing proper relations with the parliament and the president, securing the Army with fixed funding from the budget.

"These are not problems that can be put off until later. Much has already been done, yet a lot remains to be accomplished. The current times require manly and firm decisions. We do not need any philosophy. We have good models to follow, verified by the North Atlantic Treaty. Let us use them.

"Ladies and Gentlemen!

"I would now like to adress a few words to representatives of the Ministry of Internal Affairs [MSW] who are present. You have received high state medals. They are a symbol of recognition for your merits and achievements, for your involvement in demanding duty, for devotion in working for the benefit of the country. I will not hide, however, that I am disturbed by the condition of the state's internal security. I think you are well aware of this. The situation requires quick decisions and drastic action. I know that not everything depends on you. I am aware of the limitations that exist. The MSW budget is too small. The police are not adequately equipped. There is a staff shortage. An imperfect legal system hinders you. This has to change. The police must have an instrument to effectively combat crime. Speak loudly about these issues. I am your ally.

"Ladies and Gentlemen, please accept my congratulations and best wishes for success in your duties, as well as the best of luck in your personal lives."

Generals nominated by president of the Polish Republic Lech Walesa:

—To division general: Antoni Walczak.

—To brigadier general: Jerzy Baranowski, Aleksander Bortnowski, Zbigniew Cieslik, Jozef Flis, Zbigniew Glowienka, Mieczyslaw Karus, Wojciech Kubiak, Tadeusz Kuziora, Andrzej Piotrowski, Zenon Werner, Franciszek Zygis, Maciej Zytecki.

—To vice admiral: Marek Toczek.

—To brigadier general: Zbigniew Wiktor Biezunski, Wladyslaw Jozef Skrzypek.

—To brigadier general: Gromoslaw Czempinski.

—To superintendent general of police: Jerzy Stanczyk, Boguslaw Strzelecki, Ryszard Treider, Janusz Wikariak.

—To one-star general in the Fire Brigade [nadbrygadier]: Maciej Schroeder.

President of the Polish Republic Lech Walesa awarded:

—The Commander's Cross of the Medal of Poland's Rebirth to: Janina Wiacek-Orlowska, Colonel Andrzej Adamowicz.

—The Officer's Cross of the Medal of Poland's Rebirth to: Colonel Stanislaw Bednarz, Feliks Dela, Colonel Wiktor Fonfara, Colonel Tadeusz Hanowski, Brigadier General Franciszek Maciola, Colonel Ireneusz Makucha, Brigadier General Henryk Mika, Colonel Stanislaw Polanski, Colonel Zbigniew Swiecicki.

—The Cavalier's Cross of the Medal of Poland's Rebirth to: Colonel Marek Amanowicz, Colonel Zdzislaw Kendziorek, Commander Stanislaw Lisak, Edward Ossowicki, Colonel Stanislaw Sobiechowski, Alojzy Witeska.

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Interior Minister Milczanowski Leaves for Moscow

LD1511171394 Warsaw PAP in Polish 1605 GMT 15 Nov 94

[FBIS Translated Text] Warsaw, 15 Nov—Minister of Internal Affairs Andrzej left for Moscow this fternoon. During a three-day visit, he will discuss with his Russian counterpart, Viktor Yerin, methods of protecting both states' citizens when they are abroad. Milczanowski refused to talk to the press before his departure.

The head of the Polish Ministry of Internal Affairs [MSW] is expected to present the Russians with the findings so far concerning the police intervention on 23 October at East Station in Warsaw against Russian travelers who had blocked the departure of an international train in protest against the alleged passiveness of police toward Russian thieves.

It is not known exactly whom Milczanowski is going to talk with in Moscow apart from Yerin. "Most probably the talks will be limited to the heads of both departments," a senior MSW official told a PAP journalist.

Milczanowski is accompanied by the heads of the police, the State Protection Office, and the Border Guards, and by Senator Krzysztof Kozlowski, a member of the MSW Political Advisory Committee.

The visit by the Polish delegation was planned before the incident at East Station. Its main subject is to be the cooperation of both states in combatting organized crime.

Sejm Speaker Meets Moldovan President

LD1511172994 Warsaw PAP in Polish 1606 GMT 15 Nov 94

[FBIS Translated Text] Warsaw, 15 Nov—Sejm Speaker Jozef Oleksy today met Mircea Snegur, president of the Republic of Moldova, a statement released by the Sejm Chancellery Information Office said.

"Your visit is a sign of an expansion in relations between Poland and Moldova," Sejm Speaker Oleksy said, and added that good parliamentary cooperation had a positive influence on state relations. He also noted that turnover was far too low, the statement said.

"We carefully observe changes in Poland and initiatives undertaken by Polish authorities connected with security in Europe," Mircea Snegur said. President Snegur thanked the Polish side for the support for his country offered within the Council of Europe. He told Sejm Speaker Oleksy that the Constitution passed by the Moldovan Parliament guarantees rights to all minorities, including Polish. He asked for the support, in the European Parliament, of the Moldovan authorities' initiative to form an international inspection team to supervise the withdrawal of the 14th Russian Army from the Republic, the statement, signed by Stanislaw Kostrzewa, head of the Information Office, said.

Coalition Leaders Rule Out Possibility of Split

LD1511165094 Warsaw TV Polonia Network in Polish 1600 GMT 15 Nov 94

[FBIS Translated Text] The Democratic Left Alliance [SLD] and Polish Peasant Party [PSL] leaders are of the opinion that the governing coalition is in good form.

A meeting of the presidiums of both parliamentary floor groups began half an hour ago. The SLD says that Prime Minister Pawlak dismissed Minister Kolodziejczyk without consultations with the Alliance. Meanwhile, the PSL does not like the dismissal of Bogdan Pek, chairman of the Privatization Commission, for which the SLD and the Union of Freedom voted.

The leaders of both groupings are convinced that concrete solutions will be reached during the meeting and that nothing threatens the unity of the coalition.

SLD: Party Cannot Break Up Coalition Now

WS1511135594 Warsaw GAZETA WYBORCZA in Polish 15 Nov 94 p 3

[Interview with SLD General Secretary Jerzy Szmajdzinski by Agata Nowakowska; place and date not given: "When We Leave the Coalition..."]

[FBIS Translated Text] [Nowakowska] Will the Democratic Left Alliance [SLD] leave the coalition?

[Szmajdzinski] First the budget law must be jointly passed.

[Nowakowska] Perhaps the SLD should allow the Polish Peasant Party [PSL] to form a minority government. Then Waldemar Pawlak would have to pay more attention to your opinions.

[Szmajdzinski] This depends on which scenario the PSL would want to implement—our scenario or the scenario of Mieczyslaw Wachowski. Forming a minority government would be playing into the hands of the Belweder. Lech Walesa realizes that such a government would not survive long, and, even before the presidential election, we might witness earlier parliamentary elections.

Why do it so fast? Well, in order to pave the way to the new parliament for the right. The debt that the right would incur in the Belweder would have to be paid off in the campaign. It would have to support Walesa in the presidential election.

[Nowakowska] So, in your opinion, the PSL wants earlier elections?

[Szmajdzinski] The PSL realizes that no matter what it does, it will always manage to collect some 15 or 18

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percent of the votes in the countryside. The peasants are convinced that no government can be formed without them.

[Nowakowska] Do the peasants prefer a government with the right?

[Szmajdzinski] I do get such an impression sometimes.

[Nowakowska] Is the SLD afraid of earlier elections?

[Szmajdzinski] The right wing, which will certainly not commit the mistakes of 1993, will enter the new parliament. We will have a parliament consisting of many small groups warring with one another and that will be incapable of passing a new constitution. It may be one of Lech Walesa's goals to delay the date of passing the new constitution.

[Nowakowska] How long will the SLD be able to hold out in this government? Where does the SLD see the limits of this coalition?

[Szmajdzinski] If a map of the PSL's and the SLD's influence on this government were drawn up, it would turn out that we have no more than 20 percent of the influence. However, the SLD cannot simply break up the coalition, as if on a whim. We might be accused of wanting high posts and nothing else.

We will leave the coalition when we are certain that this government does not want to have a political strategy, that it does not want to alter its style of playing politics, and that it does not want to change its information policy. Or when Pawlak starts implementing the Belweder's scenario.

[Nowakowska] Has the SLD been caught in a trap? Is it true that you do not have any influence on the government but cannot leave it?

[Szmajdzinski] We are not alone in this Sejm. We are counting on other groups that feel responsible for the state.

[Nowakowska] Is the SLD going to propose that a new government be formed together with the Freedom Union [UW]?

[Szmajdzinski] A situation in which there is no alternative is abnormal.

[Nowakowska] Politicians of the Social Democracy of the Polish Republic, at the last session of its Chief Council, severely criticized the idea of the SLD and UW forming a government.

[Szmajdzinski] Today there are no political conditions yet for forming such a coalition.

[Nowakowska] Apart from that, there is also the problem of UW. Most of its politicians are against forming a government with the SLD.

[Szmajdzinski] Before long, UW can face the following dilemma: either govern together with us or, after earlier elections to the Sejm, be in opposition to a new government formed by the PSL and the right. UW must evaluate what is better for the state and which is more profitable to the group itself.

Sejm Speaker Views Coalition Discussions

LD1511203994 Warsaw TVP Television First Program Network in Polish 1830 GMT 15 Nov 94

[Relayed by Warsaw TV Polonia Network]

[FBIS Translated Text] A meeting is in progress at the Council of Ministers' Office of the PSL [Polish Peasant Party] and the SLD [Democratic Left Alliance] parliamentary floor groups. Next year's budget and conflicts within the ruling coalition were to be the main topics of the meeting.

The meeting is being held at the request of the prime minister, who is concerned about the coalition formed in Warsaw between the SLD and the Union of Freedom [UW] and about both groups voting together to dismiss Bodgan Pek, head of the Sejm Privatization Commission. For its part, the SLD accuses the prime minister of breaking the coalition agreement and giving in to the president's demands by dismissing National Defense Minister Piotr Kolodziejczyk. Leszek Spalinski, presidential spokesman, said yesterday that a new presidential candidate for the post of minister of defense would be presented during today's meeting. Katarzyna Kolenda-Zalewska is at the Council of Ministers' Office.

[Kolenda-Zalewska] I am joined by Sejm Speaker Jozef Oleksy, a participant in today's meeting. Mr. Speaker, has the prime minister presented a candidate for the post of national defense minister to the SLD?

[Oleksy] No, and this does not come within the purview of this meeting. I think that, in a later part of the meeting, such concrete information might be provided, but so far there have been two speeches—one by the prime minister, summing up the coalition's activities over last year as regards the substance and the program, and another by Aleksander Kwasniewski, which was very critical about the functioning of the coalition and coordination of its activities, as well as of the lack of satisfaction on many issues.

So far, only two people have taken part in the discussion. There were also some questions, and the issue of the future defense minister was raised. I think the prime minister is going to reply to the questions later.

[Kolenda-Zalewska] A meeting of the SLD and PSL presidiums was held earlier. Did the SLD ask the prime minister to disclose the name of the future defense minister?

[Oleksy] Yes, it was raised at the coalition meeting, but we did not get an answer because the discussion was not concluded. The coalition considers all ministries to be

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integral components of the government, and that is why it was said this morning that the coalition would put forward a candidate.

[Kolenda-Zalewska] Did the prime minister promise the SLD to agree on a candidate before presenting him to the president?

[Oleksy] That was considered obvious. The prime minister is going to talk with the coalition about the candidates.

[Kolenda-Zalewska] Are you not afraid of a situation similar to that involving Dariusz Rosati—that the coalition would agree on a candidate and the president would refuse to accept him?

[Oleksy] You know, as far as actions by the president within his competence are concerned, it is difficult to be a prophet.

[Kolenda-Zalewska] SLD politicians have frequently accused the PSL of breaking the coalition agreement. There were also views that there should be a coalition, but without Prime Minister Pawlak. Did such opinions appear at today's meeting?

[Oleksy] No, but I would say that the meeting is heating up. I think it will last late into the night. I know that there have already been a dozen or so people willing to speak, and probably various proposals and accusations will be raised in the speeches on both sides. So it is going to go on, and it is going to be a very lively meeting.

[Kolenda-Zalewska] Do you think the coalition will come out of the meeting consolidated?

[Oleksy] I would like that to be the case because the strength of the coalition and its efficiency are needed for the people of Poland to see the efficiency of governing and of solving important matters.

[Kolenda-Zalewska] What are the limits of the coalition? On what conditions is the SLD prepared to remain in the coalition?

[Oleksy] I think this is going to be specified tonight.

[Kolenda-Zalewska] So the results of the meeting will be known rather late?

[Oleksy] I think so because the meeting is just beginning.

Denies Alliance Threatened

LD1511203694 Warsaw Third Program Radio Network in Polish 2000 GMT 15 Nov 94

[FBIS Translated Text] I am of the opinion that the coalition is not under threat, Sejm Speaker Jozef Oleksy told journalists during the Democratic Left Alliance [SLD] and Polish Peasant Party [PSL] parliamentary floor groups meeting in Warsaw. The speaker said that Prime Minister Waldemar Pawlak presented the achievements of the coalition after a year of activity. Our reporter is at the Council of Ministers' office.

[Barbrich] In his speech at the meeting, Aleksander Kwasniewski reminded the PSL that the SLD won the elections, but he had the impression that this was already old history. The PSL, with 15 percent of votes in the elections, has at present a 90-percent share in the government. Aleksander Kwasniewski shouted during the meeting, and I quote: Yes, a big yes to the SLD-PSL coalition and a firm no to this form of activity we have been experiencing during the past year.

The SLD leader firmly rejected accusations regarding the Alliance's advances and talks about different coalitions. Talking about Minister Kolodziejczyk's dismissal from the Ministry of National Defense, Aleksander Kwasniewski said that the prime minister had made this decision outside the coalition arrangements.

Przemyslaw Barbrich reporting from the Council of Ministers office.

Daily: Pawlak Not Afraid of UW-SLD Coalition

WS1511150694 Warsaw GAZETA WYBORCZA in Polish 15 Nov 94 p 3

[Article by Dominika Wielowieyska: "Pawlak Will Reign for a Long, Long Time"]

[FBIS Translated Text] If anyone thinks the prime minister is afraid of the coalition of the Democratic Left Alliance [SLD] and the Freedom Union [UW], he could not be more mistaken. Waldemar Pawlak will defend his stand anyway and will keep on humiliating the SLD no matter how forcefully Kwasniewski's party protests.

The SLD is kicking up a row. It wants something from Pawlak. However, the prime minister is silent and is doing his work. He is delaying privatization and decentralization of the administration. He is appointing mainly PSL people to high posts. So far, it has seemed that Pawlak has been so offhand with his coalition member because the SLD does not have anyone to talk with in the Sejm. The only possible coalition partner, UW, keeps saying that it does not feel like forming a government with Kwasniewski. However, some UW politicians are saying increasingly clearly that the SLD should not be totally disregarded.

"One must keep saying that the possibility of the SLD and UW forming a coalition is not ruled out. Then perhaps the PSL will fear that it may lose power. Thanks to that, we will support reformers within the SLD," explain politicians of the Democratic Forum of UW.

So far, this reasoning has proved to be rather naive. The prime minister showed this quite clearly by recalling National Defense Ministry [MON] head Piotr Kolodziejczyk from his post. He did it against the recommendations made by his coalition partner. The Sejm committee chaired by an SLD deputy stated that Kolodziejczyk should not go.

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The dismissal of the MON head came right after Bogdan Pek was recalled from the post of chairman of the Privatization Committee. He was recalled by the deputies of the SLD and UW. It turned out once again that cooperation between the SLD and UW is possible.

However, the prime minister is laughing at the SLD anyway. The recall of Pek played into his hands. A deputy who can see scandals everywhere and who blows them up tremendously is not very comfortable to the government.

By recalling Kolodziejczyk, the prime minister made the SLD aware of the fact that he is by no means afraid of a joint UW-SLD government. Pawlak realizes that, for the time being, many UW politicians are not really dying to form a government with the SLD. In addition, the prime minister can do something to appease the SLD. That is all.

If need be, he will put his leg out and trip the SLD more than once. "I am certainly not a paper prime minister," states Pawlak.

"Even if the SLD and UW do form a coalition," the prime minister seems to be reasoning, "they are welcome to recall me. I will come back even stronger."

It is not a pleasant thing to relinquish power, but Waldemar Pawlak has already done this once. It was when he was prime minister for 33 days. He did not reach an agreement with the Democratic Union because he would have had to make too many concessions. He preferred to give up in order to have an even stronger position in the future. This actually happened: good results in the parliamentary elections and the post of prime minister for a second time.

Why should this not happen once again? All the more so because the peasants are doing very well in opinion polls. The prime minister is visiting the provincial areas, he is taking care of his electorate and of the good relations with the church, and he is not popular with the mass media.

This is enough to attract PSL voters and to gain even more votes in the next elections. This is enough to form an alliance with the weakened right, to take over power after some time, and to reign for a long time.

Pawlak To Speak at 15 Nov Coalition Meeting

LD1511182694 Warsaw PAP in Polish 1646 GMT 15 Nov 94

[FBIS Translated Text] Warsaw, 15 Nov—A meeting of the presidiums of the PSL [Polish Peasant Party] and the SLD [Democratic Left Alliance] parliamentary floor groups, led by Waldemar Pawlak and Aleksander Kwasniewski, lasted 35 minutes. This meeting preceded a meeting of full parliamentary groups tonight and was also attended by the speakers of both houses of parliament—Sejm Speaker Jozef Oleksy and Senate Speaker Adam Struzik.

After the meeting of the presidiums, which were closed to the press, SLD Chairman Aleksander Kwasniewski told PAP journalists that it was decided that the prime minister would make a speech on the political situation at the meeting of full parliamentary groups tonight at the Council of Ministers' office. The speech will be followed by a discussion, and then the issues of the budget will be debated.

Franciszek Jerzy Stefaniuk, deputy chairman of the Polish Peasant Party [PSL], was asked if the coalition knew who the candidates for the post of minister of national defense were. He replied that "there are no candidates for this post at present."

Stefaniuk said Prime Minister Waldemar Pawlak was going to speak about the coalition's work over the past year and Deputy Prime Minister Kolodko would talk about the budget at a meeting of both parliamentary floor groups this evening. Both matters would be discussed then.

"The parliamentary floor groups have not met for over a year, and now both 'statements of satisfaction' should be made as well as irregularities explained. We should be frank with each other about what hampers our work in the present coalition," Stefaniuk said.

When asked if the PSL felt threatened by the fact that the Democratic Left Alliance [SLD] might change its coalition partner, Stefaniuk said that "no coalition is forever" and added that "nothing is being said in order to threaten the partner."

The deputy chairman of the PSL parliamentary floor group said that, at a meeting of the leaderships of both groups, "nothing was said" that would indicate that the SLD leaders demanded greater influence over the prime minister's decisions.

Report on Situation Before SLD-PSL Meeting

WS1511143694 Warsaw RZECZPOSPOLITA in Polish 15 Nov 94 p 2

[Article by E.Cz. and E.K.: "PSL and SLD on Coalition; From Morning Till Evening"]

[FBIS Translated Text] A meeting of the "directorate," a session of the government, a meeting of the Privatization Committee, a joint session of the presidiums of the parliamentary clubs of the Democratic Left Alliance [SLD] and the Polish Peasant Party [SLD], separate sessions of both clubs, and, finally, an evening meeting of the deputies of the coalition, which is closed to the press—this is the schedule of the coalition's politicians for today.

Optimists say that the numerous meetings will result in the passing of such a model of cooperation within the coalition that will limit nonsubstantive tension and disputes to a minimum. Pessimists fear, however, that the politicians of both sides will read out a long list of

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complaints and claims and will persist with their own views. The greatest pessimists predict that Prime Minister Pawlak will direct the joint meeting of the clubs in such a way that the "ordinary" deputies will find themselves in too awkward a position to take the floor.

"If the prime minister became frightened of something and arranged a joint meeting of the clubs, he would certainly want to share his fears," says the SLD's Jerzy Szmajdzinski. He did not say, however, whether the prime minister might be worried about the SLD and UW coming closer together, and about the possibility of changing the coalition. It is possible that the prime minister will want to persuade the SLD that such a change would be disadvantageous to all interested parties. However, he cannot do this unless he makes a solid evaluation of the political and economic situation and takes a stand on the most recent resolution made by the Chief Council of the Social Democracy of the Polish Republic [SdRP] (in which the SdRP leaders stressed the government's mistakes). "If the prime minister is afraid of the Freedom Union, he should say so. If he believes that the recall of Bogdan Pek was a mistake, he should say so. He should also say that it was a good decision to recall Kolodziejczyk and not to consult us about it before that. He should also say what his further plans concerning the Ministry of National Defense are," Szmajdzinski says. The SLD expects that at today's club meeting the prime minister will present a program of political activities up to the presidential election, so that, after the election, it will still be possible to maintain a stable, majority government: "We are interested in the presidential election as long as it stabilizes the political situation—this government and this parliament," one peasant agrees.

The closer to the meeting, the more often the SLD and PSL politicians considered likely political reshuffles. The PSL wants to persuade its ally that, despite all tensions, until the parliamentary elections, there is no other, better solution.

"UW is still too weak and the SLD is too strong," the peasants say. "Formation of a new coalition of the SLD and UW means earlier parliamentary elections." Also, some SLD leaders fear that such a coalition might not be approved by the president. The testing of the field for maneuvering is for the time being limited to party groups. The left is also thinking of the minority government option or the possibility of forming an alliance with the PSL but without Pawlak. However, these are all theoretical deliberations aimed at softening the peasants. The prime minister, in turn, clearly showed the left wing that, in case of a conflict, he can always reach an agreement with the president. This is how some people interpret Kolodziejczyk's dismissal.

The election of the new chairman of the Sejm Privatization Committee, scheduled for today, will probably not be accomplished. The coalition members have not reached an agreement as to who should replace Pek: The PSL is not discussing this at all, and the SLD is still seeking the possibility of reaching an agreement with the peasants.

If the next attempts to improve cooperation between the coalition partners fail and if the prime minister does not change the style in which he is playing politics, it will be more likely that teh SLD will want another coalition configuration, SLD members say. Theoretically, the PSL's situation is worse: Until the parliamentary elections, it will not have a chance to change its alliance. However, when a conflict arises between the coalition partners and it seems that the SLD is stronger, the prime minister strikes and forces the SLD leader to defend himself. Once again, just as after the recall of Marek Borowski, he allows Kwasniewski to level the following charge against him: "The prime minister has violated the coalition agreement." And he is not punished for that.

Report on PSL, SLD Deputies' Meeting

WS1611130094 Warsaw RZECZPOSPOLITA in Polish 16 Nov 94 p 2

[Article by Ewa K. Czaczkowska, Ewa Kaszuba, and Kazimierz Groblewski: "SLD-PSL Meeting; Coalition Lasts"]

[FBIS Translated Text] The coalition of the Democratic Left Alliance [SLD] and the Polish Peasant Party [PSL] will survive. This was the conclusion of the several-hour meeting last night between the clubs of the coalition (when this issue of our daily was being closed down, the meeting was still going on). However, what must change are the methods of our partner's activities, especially the methods employed by Prime Minister Pawlak. This was the condition submitted by the SLD.

It Cannot Continue This Way

"Yes, a definite yes for the SLD-PSL coalition, but a definite no for the form of cooperation we have experienced for the past year. Maintaining the coalition is a chance for Poland. It would be a political mistake if we said after a year that we failed." This statement by Aleksander Kwasniewski, made immediately after the statement by Waldemar Pawlak that opened the joint session of the PSL and SLD clubs, determined the course of the several-hour discussion. Over 300 deputies of the coalition had met for the first time in months. The PSL deputies evaluated the discussion, which was held behind closed doors, as quiet and even polite. The SLD deputies mentioned a heated and tough talk. Nonetheless, both the SLD and PSL deputies left the conference room with the conviction that the coalition would survive.

"However, unless the methods and the style of the coalition's activities are changed and the shortcomings that have been coming up so far are eliminated, perhaps the SLD will have to say no," declared SLD Spokesman Zbigniew Siemiatkowski.

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Aleksander Kwasniewski recalled that the SLD obtained 20 percent of the votes in the elections and the PSL's result was 5 percent lower. However, the SLD was not able to form a government. It agreed to a coalition with the PSL but not to a coalition in which the PSL, despite its 15-percent support, would have 90 percent of the shares in the government. The SLD is surprised at how meek the prime minister was toward the president. The party was surprised that it was not consulted about the decision to recall Kolodziejczyk. This, incidentally, was one of the most fundamental reservations about the prime minister that the SLD submitted. Leszek Miller declared that there are no such ministries as presidential ones. Now is a good opportunity for the prime minister to show that he is in charge of the government and that the president cannot impose anything on him. For the time being, there is no candidate for Kolodziejczyk's successor. At the meeting of the presidiums of the clubs and then at the joint session of the coalition's deputies, Prime Minister Pawlak said that the president had not submitted his candidate for the head of the National Defense Ministry.

The SLD rejected the allegations of disloyalty, which was to be proved by the formation of a coalition between the SLD and the Freedom Union in Warsaw on the occasion of the election of the city's mayor. The SLD leader explained that such coalitions were formed in several towns. They are evidence of the SLD's flexibility and a result of the configuration of the political forces. Nevertheless, it is unfounded to draw too far-reaching conclusions from this fact. Kwasniewski also accused the prime minister of having no vision of the state, of not coordinating the work of the Council of Ministers, of having developed poor contacts with the mass media, and of carrying out a bad information policy. The SLD also recalled the discrediting situation caused by the prime minister's appointing the new police chief and his involvement in the case of Lamparski, a "second-group invalid." As for the coalition's successes, Zbigniew Siemiatkowski listed, among others, achievements on the macroeconomic scale ("Vinegar did not return to shop shelves, as some feared before 19 October.").

The prime minister called upon the SLD to take a closer look at the work of its own ministers and to evaluate them, mainly Privatization Minister Wieslaw Kaczmarek. He promised that the direction of the reforms will be maintained. Pawlak conceded that the coalition is going through a crisis. "In the period of a crisis, great things are always pushed to the margin and small affairs come to the surface."

Your President, Our Prime Minister

During the discussion, the deputies submitted various proposals: a coalition with the PSL but headed by an SLD prime minister, fielding a common candidate for president. The SLD's Zbyszek Zaborowski proposed that, because the prime minister feels better playing cabinet politics, he should be the coalition's common candidate for president. In such a situation, the SLD would take over the function of prime minister. Deputy [PSL] Chairman Stefaniuk immediately rejected this proposal. "The PSL is not a self-reliable, full-blooded party that might field its own candidate for president," he argued. "Such a deal would be risky for the PSL. No one would guarantee to us that the common candidate would win the elections and the government would remain under the SLD's control."

There was much unofficial talk about the article that appeared in the last issue of the WPROST weekly entitled "Femme Fatale of the Prime Minister." Some pointed to the fact that the date of its publication was not accidental, which not only the SLD but also the Belweder may have been interested in. The prime minister mentioned the article at both the session of the PSL club and the joint meeting of the clubs: "As recently as last week I divorced, and this week I already have a child born out of wedlock."

There were also comments on the Tuesday election of the SLD's Marek Olewinski as chairman of the Sejm Privatization Committee. It cannot be ruled out that after yesterday's meeting the coalition members will reach an agreement. The PSL may put in question the parity of members in this committee, and the election of the chairman will be held once again. The SLD will not be able to defeat the committee's presidium without the help of UW (which the SLD is declaring) and without the PSL. Even if the presidium consisted of SLD members only, no one, deputies say, would want to cooperate with it.

Four New Sejm Deputies Sworn In

LD1611104994 Warsaw PAP in Polish 0857 GMT 16 Nov 94

[FBIS Translated Text] Warsaw, 16 Nov—Four new deputies were sworn in this morning in the Sejm. They replaced the deputies who were tragically killed [in a car accident] on 7 October 1994: Marian Korczak from the Polish Peasant Party—PSL; Halina Licnerska from the Union of Labor—UP; Wanda Sokolowska from the Democratic Left Alliance—SLD; and Maria Trzcinska-Fajfrowska from the Union of Freedom—UW.

Earlier, the Sejm speaker announced the expiration of the mandates of the above-mentioned deputies and said that their places would be taken by subsequent candidates from the same list, who in the elections received the biggest number of votes.

The sworn in deputies are: Roman Edward Borek (Electoral District No. 37, Radom, from the Polish Peasant Party); Piotr Marek Polmanski (Electoral District No. 16, Katowice, from the Union of Freedom); Andrzej Rokicki (Electoral District No. 34, Plock, from the Democratic Left Alliance); and Zbigniew Roman Szczypinski (Electoral District No. 11, Gdansk, from the Union of Labor).

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'Another' Drug-Producing Laboratory Closed

WS1611105094 Warsaw RZECZPOSPOLITA in Polish 15 Nov 94 p 1

[Article by Anna Marszalek: "Laboratory in Basement and at University; Polish Amphetamine Mafias"]

[FBIS Translated Text] The police have revealed that they found another laboratory that manufactured amphetamines. This time it was in Olsztyn. Two people were arrested: a chemist, who set up the laboratory in a farm building near his house, and his female assistant. The chemist is now trying to explain to the prosecutor that he was only attempting to manufacture this narcotic. The police found equipment and small quantities of the semifinished product.

As we found out unofficially in the Main Police Headquarters [KGP], the operational data of the police suggest that attempts to illegally manufacture drugs are conducted in many legally operating chemical laboratories and institutes. For example, at the chemistry department of a certain university, the scientists dealt with the manufacture of the semifinished product. However, when the police questioned their activity, the chemistry professor explained that it is possible to produce an entirely different, legal substance out of this semifinished product. He provided an appropriate chemical formula.

Prosecutors were unable to level charges at him.

According to a high-ranking KGP officer, most often criminals who have a lot of money are behind amphetimine production. They finance the work of the laboratories and take the ready-made product. Next they organize the operation of smuggling it abroad and distributing it. Organized criminal groups that have a lot of money and capabilities are being set up. Those who are caught by the police are most frequently mere couriers.

The amphetamine manufactured in Poland is most often smuggled to Germany and the Scandinavian countries. On 1 November, eight persons were arrested in Sweden; 10.2 kilograms of this narcotic were found with them. Six of those persons were Swedish citizens of Polish origin. On the basis of information provided by Sweden, where a female courier from Lublin was detained, the Office of State Protection [UOP] and the Polish police, under the supervision of a prosecutor, shut down two working laboratories. Nine persons have already been arrested in this case. It is estimated that this group has produced 80 to 100 kilograms of pure amphetamine.

Western experts estimate that Poland is the second-largest producer of synthetic narcotics (amphetamine and its derivatives). According to the German police, from 20 to 25 percent of the amphetamine confiscated in the Federal Republic of Germany came from Polish laboratories. Similar figures have also been released by the Swedish police. In 1993, the police found two illegal laboratories in our country. The KGP estimates that approximately 10 percent of the illegally manufactured amphetamine in Europe comes from Poland.

The large number of amphetamine laboratories in Poland and their high capabilities are proved by the scale of the supply of this drug. According to UOP, in 1993 it was so big that it caused prices to plummet quite rapidly—from $8,000 or $10,000 for one kilogram to approximately $3,500. The high quality of Polish amphetamine is also confirmed. It is in demand among international drug dealers.

At the same time, chemical substances necessary for its production, especially BMK [benzylometyloketon], are being smuggled into Poland. In just the first six months of the year, attempts to smuggle over 1,000 liters of BMK were revealed. This amount of BMK is enough to manufacture more than 500 kilograms of amphetamine, with a street value of $3-5 million.

Amphetamine is also manufactured in Latvia, Lithuania, and Russia.

Information obtained by UOP suggests that large-scale preparations are under way in Poland to produce synthetic narcotics—derivatives of amphetamine.

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Measures Taken To Curb Fuel Smuggling to Serbia

AU1511182694 Bucharest EVENIMENTUL ZILEI in Romanian 12-13 Nov 94 p 1

[Report by Liana Simion and Ada Isaila: "The Cars That Go Over to Yugoslavia Are Prohibited To Transport Gasoline Except for a 'Tankful'"]

[FBIS Translated Text] On the basis of the report on the situation presented by Foreign Affairs Minister Teodor Melescanu and backed by the Interior Ministry, Prime Minister Nicolae Vacaroiu requested the authorized bodies to strengthen control in the domains related to the observance of the embargo imposed on former Yugoslavia by the United Nations.

Thus, the General Customs Direction is to prohibit the crossing of the borders with canisters (containers) filled with gasoline in excess of a full gas tank per automobile. The measure is intended for the state frontiers bordering the states of former Yugoslavia. The Financial Oversight Body is to carry out control operations at the PECO [Central for the Sale of Petroleum Products] gas filling stations in that area to make the delivery of gasoline and other types of fuel more fluid. The Timis County branch of the PECO owes 6 billion lei to the RAFIROM [oil processing and fuel producing corporation], and the delay in making those payments are unjustified, said Ioan Rosca, the government spokesman.

Smuggling Described

AU1511200294 Bucharest EVENIMENTUL ZILEI in Romanian 11 Nov 94 p 8

[Report by Titel Folea and Dana Belciug: "Romanian and Serb Smugglers 'Are Doing the Embargo' on the Danube"]

[FBIS Translated Text] If one asks them straight out how they struck it rich, they answer you cunningly: "We have been doing the embargo!" The phenomenon, which is quite unusual even for the current transition period, takes place along Romania's frontier with Serbia, along the major part of the Danube straits in Caras-Severin County. For many inhabitants of communes such as Divici, Pojejeni, Pescari, Liubovca, Berzeasca, and even the town of Moldova Noua "doing the embargo" resulted in their becoming sufficiently wealthy to erect two-storey villas and own two or three automobiles. Actually "doing the embargo" means smuggling fuel over the border. In this way, metric tons of gasoline and diesel fuel are flowing into the canisters and barrels of our neighbors over the Danube. "The phenomenon reached mass proportions in the month of March," worried border guards told us. "If you wish to see how things are, we invite you to come to the spot." The spot is a 50-km stretch of the straits, that is, the area where the state frontier coincides with the river, beginning at the locality of Cozla and ending upstream from Moldova Noua.

Tanker Trucks and River Vessels Run Merrily To and Fro

Riding an ARO-type jeep together with the border guards, we drive into the village commune of Berzeasca. A tanker truck speeds past us from the opposite direction. "It is empty. It has already completed delivery. Such tankers carry 20 metric tons." We have no time to calculate just how much such an amount of fuel represents for a village of fishermen. Other four tanker trucks follow, all of them rolling easily as they have already been emptied. Despite this, the gas filling station in Liubovca is closed owing to lack of fuel! In exchange for that, the scene we saw on that spot on the Danube reminded us of the hot summer days when the people were rowing merrily on Herastrau Lake. Dozens of boats equipped with twin motors and loaded to the brim with canisters and barrels were speedily criss-crossing the river. One cannot tell which are Romanian and which are Serb boats. Their owners do not bother to observe the regulations according to which all vessels in the frontier zone have to display their registration numbers and hoist the flag of the country of origin. Some of the boats are floating easily, they seem to have just gotten rid of their load. Other are advancing with difficulty, immersed to the gunwales under the weight of their cargo, so precious for our neighbors on the opposite shore. We try to approach that spot. The narrow street that leads to the shore is nicely decorated with 20-, 60-, and 120-liter canisters and barrels lined up on both sides. As the lids of the overfilled containers have been superficially tightened, fuel is leaking out and leaving huge dark stains on the pavement. Of course, there is a penetrating gasoline smell everywhere. Among the containers, brand new, special-order, metallic-painted Dacia automobiles are parked. It is as if the locals would like to pierce us with their unfriendly glances. This is only normal, as we are interfering with their business. "There is nothing we can do about it now and here. The boats leave from the people's backyards and we are not authorized to trespass on their property." Helplessly we watch the Liubovca fishermen "doing the embargo." A bunch of teenagers "bomb" us with firecrackers, as if they were trying to warn us that we have lingered for too long and seen too much. After the "attack," they withdraw, getting into a latest-model Dacia car, start playing the dashboard cassette recorder, and laugh mockingly at us.

Transiting People's Backyards Costs 30 German Marks

The happy land owners whose properties run into the Danube do not indulge in smuggling themselves. For 30 German marks [DM] they allow others to cross their backyards and permit the anchoring of boats at their piers. We leave, with great care, that little paradise of gasoline and new automobiles. In the main street, a crowd is gathering around a truck loaded with new plastic barrels. Among the would-be buyers, we spot the nephew of the village priest. The merchandise comes from the Munplast company in Bucharest. The barrels cost up to 15,000 lei each. Curious as we are, we

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approach the buyers, asking them what they intend to do with so many barrels. "We want to make pickles! Green tomatoes and melons! So what if the opening is too small? We slice the pickles into small pieces and press them inside!" Here they have an own definition of what laws are, which has left us speechless: "Laws are barriers that lions overcome by leaping and foxes by crawling, so they can only stop the oxen." In the same area, they say the fishermen are fishing "by the liter."

After a closer examination of the way in which the boats cross the river, we could figure out how the smuggling is carried out. Principally, there are two methods: The Romanians and the Serbs meet each other in the middle of the river, where the frontier line runs, and swap boats. This only takes 70 seconds. The second method is more advantageous for the Romanians: The Serbs cross the river to the backyards of the Romanians, take the merchandise, and then hurry back at full speed. Their boats are equipped with two motors each so that they can reach the other shore within just a few minutes.

Six Hundred Lawbreakers Seized and Just as Many Set Free

No one can accuse the border guards of not doing their duty: "Despite the fact that we lack sufficient personnel and vessels, we managed to seize over 600 persons who had violated the law. We fine them or file suit against them. In most cases, the Oravita town prosecution, which examines the cases, proposes suspended sentences." Some of the smugglers are also aggressive. Omer Radovancovici, an inhabitant of Pojejeni, was fined 100,000 lei for having insulted and menaced an officer with a makeshift (toy) pistol. Generally, the smugglers know to how much the fines will be, and they always carry sufficient cash to pay them on the spot. During an assignment at Ostrovul Moldova, non-commissioned officers Liviu Pop and Ilie Anghel, together with Major Ion Mutuzac, were sprayed all over with gasoline and threatened that they would be set on fire. Then they were beaten up and the major was hit on the head with grappling irons. Investigations revealed that the attack against the border guards had been prepared well in advance. The aggressors were tried, with the defendants at large (!) on charges of insults against the authorities. Another officer was attacked during one of his assignments by Liublisa Mihailovici, who is actually an engineer. A penal suit was filed against the aggressor, however, surprise! Within a short while, the engineer filed a complaint with the local military prosecution claiming that the same officer had threatened him with his gun on the very same day. Investigations revealed that the claimant lied. Such nonexistent, but still claimed, assault cases are quite numerous and they have ended with disciplinary measures against the border guards on several occassions.

All Border Guard Patrol Cars Are Shadowed and Their Routes Reported by Radio

In this region, celebrity in smuggling belongs to the inhabitants of the Pescari village commune. While our jeep is travelling in the aforementioned locality, we are warned not to use our cameras. It is not easy for us to drive along the main street, as dozens of cars are parked on both sides. Contrary to other localities, the fishermen of Pescari prefer Western automobiles: Audis, Mercedes, Renaults, and Fords. However, they also own domestic-made cars as well. We count at least 140 automobiles parked in front of the houses situated in the commune center alone! "They have more cars parked in their backyards. And you haven't even seen all the streets of the village!" Rumor has it that, recently, the director of the Dacia automobile factory in Pitesti came here personally, accompanied by a lot of Dacia cars. In exchange for an extra DM100 they immediately delivered the desired cars direct to the buyers.

Our companions on the road draw our attention to the fact that we are being followed. It is true, a blue Dacia with Caras-Severin license plates is shadowing us over a long period of time. "This happens all the time, as soon as our patrol cars enter the area. The followers usually have walkie-talkies, with which they alert their colleagues."

Sixty Motor Boats Confiscated Each Month

We conclude our tour at the headquarters of the Border Guards Military Unit in Moldova Noua. We are shown the things they have captured recently. In less then a month, they seized 60 motors boat and over 20 metric tons of fuel. It might seem incredible, but a rough calculation shows that the monthly income of the smugglers exceeds DM100,000 per person. After four trips across the river, which they can easily achieve in a single day, they practically earn the price of a Dacia car. A quantity in excess of 5 metric tons of gasoline and diesel fuel is hauled across the Danube each day. Owing to the fact that the border guard patrol boats, as scarce as their number is, are currently being overhauled. smuggling is flourishing. We try to obtain their assessment of the number of persons who strike it rich each day as a result of the smuggling business: "It would be much easier for us to tell you who is not involved in smuggling!"

After the conflict broke out in Yugoslavia, Romania pledged to observe the UN resolution on trafficking, especially fuel trafficking. All WEU [Western European Union] inspections confirmed that the embargo is observed strictly. The most recent inspection of that kind took place last week, at Calafat [during the visit of the WEU leadership]. However, the above-mentioned individual actions in Caras-Severin County, which the WEU representatives have assessed as minor violations, could still affect our relations with international bodies.

ROMPRES Says Press Facing Paper Shortage

AU1511194294 Bucharest Radio Romania Network in Romanian 1800 GMT 15 Nov 94

[FBIS Translated Text] In a fax sent to our editorial board, the Romanian Press Agency announces that, due

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to a lack of printing paper, the press in Romania can only survive for the next three days. Five years after the freedom of press was achieved, the Romanians are now facing the risk of being left without their dailies.

The printing paper stocks of all publications are exhausted. It is against the national interests that the population should not have access to printed information.

The cause of the current situation is the dramatic decline of the domestic printing paper production. Due to the lack of raw materials and certain technical difficulties, the sole producer in the country, the Letea company in Bacau, is in a position of being unable to satisfy the demands of the dailies and the import of printing paper from abroad would generate an increase in the dailies' prices to an unacceptable level for the citizens.

The communique requests that the Romanian Government should intervene for the unblocking of the press inthe following way: The priority ensuring of raw materials and other technical conditions for the rhythmical production of a sufficient quantity of printing paper and the abolishment of the customs taxes imposed on printing paper, a fact that could ease the pressure on the domestic production, currently a state monopoly.

If the Romanian Government fails to take those measures immediately and firmly, it will be held responsible for the liquidation of the press in our country.

The communique is signed ADEVARUL, AZI, ALLGEMEINE DEUTSCHE ZEITUNG, COTIDIANUL, CRONICA ROMANA, CURIERUL NATIONAL, EVENIMENTUL ZILEI, GAZETA SPORTURILOR, JURNALUL NATIONAL, LIBERTATEA, NINE O'CLOCK, ROMANIA LIBERA, ROMANIAI MAGYAR SZO, SPORTUL ROMANESC, TINERETUL LIBER, VOCEA ROMANIEI, and ZIUA.

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Minister on U.S. Ending Arms Embargo Monitoring

LD1511213294 Kuwait KSC Television in Arabic 1800 GMT 15 Nov 94

["Exclusive" interview with Bosnia-Herzegovina Prime Minister Haris Silajdzic by correspondent Ameni Sulayman in London on 15 November—recorded]

[FBIS Translated Text] [Sulayman] Bosnian Prime Minister Haris Silajdzic is paying a quick visit to the British capital, London, and Kuwaiti TV had this exclusive interview with Mr. Silajdzic in the Dorchester hotel in central London where he had a meeting with the ambassadors of the Islamic countries in Britain. What is your position to the European opposition, particularly the British opposition, following the American decision to lift the arms embargo on Bosnia?

[Silajdzic] As a matter of fact I view this U.S. step as an extremely important one, the first step toward the lifting of the unjust and illegitimate arms embargo against Bosnia-Herzegovina. I personally cannot explain the position of some European governments, including the British Government. There is a great difference in the interpretation of this arms embargo between us and the British Government. What we are saying is that if this arms embargo has only entailed death and destruction to Bosnia-Herzegovina, then let us change the medicine for the disease. For three years we have seen only destruction and death, despite the arms embargo being in place. This means that this treatment of the problem is wrong. From the start it was a big political mistake. We must change it, and we must change the European policy to Bosnia, otherwise we will commit other mistakes in the wake of the fundamental mistake, which was equating between the aggressor and the subject of aggression. This was the fundamental mistake.

[Sulayman] Your Excellency Prime Minister of Bosnia, what is the reason for your visit to Britain and the meeting with Michael Rifkind, the British secretary of state for defense, tomorrow?

[Silajdzic] Some men of culture and music and others have invited us to London to explain the strategy of Bosnia-Herzegovina, in Britain and elsewhere. We will also be meeting with Michael Rifkind, British secretary of state for defense, tomorrow. I believe that the subject of the British forces remaining in Bosnia-Herzegovina is the basic topic to be discussed with him. Obviously, we have a specific view: The British forces remaining in Bosnia-Herzegovina as part of the UN forces depends on the issue of the lifting of the arms embargo. If the arms embargo is lifted, the British Government will then ask for the withdrawal of its forces from Bosnia-Herzegovina. For our part, we say that if indeed the British Government insists on this then other forces instead of them should be brought in, and we prefer the forces of the Islamic countries.

Islamic Conference Members Influencing Government

MS1611131294 London THE DAILY TELEGRAPH in English 16 Nov 94 p 13

[Report by Robert Fox: "Iran and Sudan Sending Weapons to Bosnian Army"]

[FBIS Transcribed Text] Members of the five-power international Contact Group trying to find a peace settlement for Bosnia are worried about the growing influence of Iran and other hardline members of the Islamic Conference on the mainly Muslim government in Sarajevo.

The increasing flow of arms to the Bosnian Army has been traced to Iran, Pakistan, Sudan, and extremist Tunisian and Afghan elements. Islamic foundations in Saudi Arabia have provided funds, according to sources in Sarajevo, Croatia and Slovenia.

Since Bosnia's Muslims and Croats patched up their differences after a year of bloody communal war, small arms and ammunition have flowed copiously to Muslim units in central Bosnia.

It is believed that small arms factories and repair workshops have been established in at least six centres in central Bosnia.

Despite the fuss over America's abrupt decision to withdraw its ships and aerial surveillance from patrols enforcing the UN arms embargo, most arms are understood to be reaching Bosnia by air and by land from Croatia.

Britain yesterday rejected an appeal from Mr Haris Silajdzic, the Bosnian Prime Minister, to lift the embargo.

Mr Malcolm Rifkind, the Defence Secretary, told him Britain feared this would lead to increased fighting forcing the UN to withdraw its peacekeeping troops.

UN sources in Zagreb confirm that the Serbs shot down two Tupolev transport planes carrying arms. They were allegedly en route from Pula on the Istrian coast of Croatia to the Bihac pocket.

According to UN monitors the Bosnian Muslims have received "tens of millions" of small arms rounds. Much of the evidence is anecdotal but there is little doubt that they are better equipped with light weaponry than a few months ago.

The co-ordination of operations on the ground, such as the initial breakout from Bihac last month and the capture of Kupres, suggest tactical training from outside. According to some reports, American teams of mercenaries are involved.

But it is the political sponsorship that the Muslims and the Croats are now getting from Islamic Conference countries that is alarming some members of the Contact Group.

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Russia points to a joint visit to Tehran last month by Mr Silajdzic and Mr Nikica Valentic, the Croatian Prime Minister.

Mr Valentic ostensibly went to sign a barter deal for 150 million pounds worth of Iranian oil for six to eight ships made in Croatian yards, though Iran demanded that they be built as far as possible by Muslim labour. Both prime ministers were given red carpet treatment, according to diplomatic sources.

Reportage on Bihac, Safe Area Situation

UN Condemns Safe Area Attacks

AU1511133694 Paris AFP in English 1325 GMT 15 Nov 94

[Report by Francis Curta]

[FBIS Transcribed Excerpt] Sarajevo, Nov 15 (AFP)—The United Nations prepared Tuesday [15 November] to extend NATO air cover to Serb-controlled areas of Croatia, as escalating fighting along the border with Bihac threatened to draw Croatia into the war. [passage omitted]

Paul Risley, the civilian spokesman for UNPROFOR [UN Protection Forces] said NATO air power could be widened to include Krajina and the Bihac pocket as soon as the Security Council took a vote on the move. [passage omitted]

"We very much consider it important that close air support be extended to those areas of Croatia that are close to the Bihac pocket" for the protection of UN personnel, both inside the Moslem-held enclave and in neighbouring Croatia, Risley said. [passage omitted]

Meanwhile, Risley also strongly condemned Monday's shelling of the UN-declared safe area of Tuzla, in northern Bosnia, and the firing of missiles at urban centres in the Bihac enclave, in western Bosnia, including the town of Cazin. The missiles, he said, had "virtually no military value" and were simply "weapons of terror".

Some eight artillery rounds hit Tuzla town, but there were no reported casualties, UNPROFOR military spokesman Lt.-Col. Tim Spicer said. [passage omitted]

Meanwhile, heavy fighting has continued for control of the Grabez plateau, on the eastern outskirts of Bihac town with at least 1,000 shells landing in the area Monday.

The Serbs, who have been counter-attacking in strength over the past week, have regained control of 90 percent of the territory from which they were forced out by Moslem-led government forces three weeks ago, Spicer said.

Meanwhile, Bosnian Serbs troops were infiltrating into the south of the Bihac pocket by way of Serb-held Krajina in order to tighten the noose on the enclave, Spicer said.

'Critical' Food Situation

AU1511135994 Paris AFP in English 1342 GMT 15 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 15 (AFP)—The situation of 180,000 people trapped in the Moslem-held Bihac enclave is verging on the "critical" because of the Serb blockade of humanitarian convoys, a UN spokesman said here Tuesday [15 November].

Bosnian Serbs forces are currently closing in on the enclave after government forces initially rolled them back in a successful offensive three weeks ago. Serb forces in Croatia have blocked 131 aid convoys dispatched to the besieged western Bihac enclave by the UN High Commissioner for Refugees (UNHCR) since May, UNHCR spokesman Kris Janowski said.

The UNHCR has delivered 126 tons of food to the population over the past two months, when a total of 1,900 tons per month was needed, Janowski said. A shortage of fuel was now also preventing ambulances from taking war wounded to hospitals, he said. A public kitchen in Velika Kladusa which fed some 700 displaced people had closed because of lack of food.

"Overall the situation, although not critical at the moment, is very difficult and could become critical by the end of the month, perhaps in mid-December," Janowski said. The situation was especially difficult for the 65,000 displaced people in the enclave who do not have their own home-grown food supplies to rely on, he said. Air-dropping aid into the enclave remained an option under consideration, but "at the moment the security situation is very bad and the risk to the aircraft would be too big," Janowski said.

Exclusion Zone Discussed

AU1611121494 Paris AFP in English 1139 GMT 16 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 16 (AFP)—Top UN and NATO officials are discussing the setting up of a heavy weapons' exclusion zone around the UN-declared safe area of Bihac in northwestern Bosnia, a UN spokesman said here Wednesday [16 November].

Paul Risley said UN special envoy to the former Yugoslavia Yasushi Akashi and UN Protection Force commander General Bertrand de Lapresle had been holding "extensive consultations" Tuesday an Wednesday by telephone with North Atlantic Treaty Organisation and UN officials on the possible move.

The talks come against a background of heavy fighting near Bihac town as Serb forces roll back Moslem-led government forces in the Bosnian enclave.

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Serb forces have reached the limits of the UN-declared safe area to the east of the town, amid heavy fighting, Lt.-Col. Tim Spicer, another UN Protection Force spokesman said here.

The safe area, which includes Bihac town and its vicinity, measures about 10 kilometers (six miles) by 8.

'Urgent' Decision Needed

AU1511155394 Paris AFP in English 1516 GMT 15 Nov 94

[FBIS Transcribed Text] Zagreb, Nov 15 (AFP)—The Bosnian Serbs are likely to continue their advance through the government-held enclave of Bihac in northwest Bosnia-Herzegovina, a UN spokesman said Tuesday.

The UN Protection Force (UNPROFOR) spokesman Michael Williams called for an "urgent" decision by the United Nations and NATO on how to react to the Serb advance. "We have indications that the Bosnian Serb forces are not going to remain where they are at present but are going to continue to attack Bihac in the next few days," Williams told reporters.

Bosnian Serbs were Tuesday reported to be between seven and eight kilometres (4.5 and five miles) outside the town of Bihac which was being defended by the Moslem-majority Bosnian 5th Army Corps.

"A decision by the United Nations and NATO is urgent," Williams said, predicting a "worsening of the situation" in Bihac, where some 300,000 people are said by Bosnian sources to be encircled, along with a 1,220-strong UN Pakistani group. The UNPROFOR spokesman said the situation was all the more serious "because the borders of the safe zone declared by the United Nations have still not been defined."

Williams said the UNPROFOR was worried by the mobilisation and training of some 5,000 rebel Moslem troops, led by maverick Moslem leader Fikret Abdic, in the Serb secessionist region of Krajina in Croatia.

The UN Bangladeshi battalion, based in the north of the pocket, has food stocks for another 10 days. The Krajina Serbs control the only way into the region via Croatia and have blocked the passage of all food convoys for several weeks. Williams said the battalion was not going to be withdrawn but said UNPROFOR was worried by the firing of 10 missiles by Serbs against Cazin and Bihac. The United Nations had not reacted because "the missiles did not injure many people among the civilian population," Williams said. Radio Sarajevo claimed that there were "numerous victims" of the attacks.

Serbs Reach 'Southern Limit'

AU1511172094 Paris AFP in English 1659 GMT 15 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 15 (AFP)—Serb forces Tuesday afternoon reached the southern limit of the UN-declared safe area around Bihac town where heavy fighting is in progress, a UN Protection Force spokesman said here.

Heavy machine gun and mortar fire was reported at a distance of four to five kilometers (2.5 to three miles) from Bihac town, in northwestern Bosnia, Major Herve Gourmelon said. Two UN observation posts, one south of Bosanska Krupa and one south of Bihac town, have been evacuated because of heavy shelling, he added.

Meanwhile, Tuzla, another UN-declared safe area, was again targeted by shell fire Tuesday midday, Gourmelon said. On Monday, the UN force protested to the Serbs following shelling of the town in the north of the country.

Izetbegovic: No Need To Worry

AU1511205094 Paris AFP in English 2026 GMT 15 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 15 (AFP)—Bosnian President Alija Izetbegovic said late Tuesday that he was confident about the situation in the Bihac enclave, which is under attack from Bosnian and Croatian Serbs aided by dissident Moslems.

"According to what I know at this moment, I think we have no big reason to worry," he said in remarks made during a visit to Bosnian troops on the outskirts of Sarajevo and reported by state television. "This is a real wrestling" between Bosnian forces and the Serb coalition, he said. "We will see who will come out of it as victor and if we endure this they will not be able to repeat something similar ever again."

After a week-long counteroffensive Bosnian and Croatian Serbs, helped by the forces of dissident Moslem leader Fikret Abdic, have recovered 90 percent of the ground taken by Bosnian Government forces three weeks earlier, the United Nations Protection Force (UNPROFOR) estimates.

The United Nations believes that Serb forces are no more than four or five kilometres (two or three miles) from the town of Bihac.

On Tuesday the United States warned the Croatian Serbs against any involvement in the fighting in the Bihac enclave. The UN and NATO are considering extending the air cover given to UN troops in Bosnia to the Krajina region of Croatia.

Abdic Forces Help Serbs

AU1611100594 Paris AFP in English 0953 GMT 16 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 16 (AFP)—Serb forces Wednesday [16 November] were closing in on the UN-declared safe area of Bihac, notably from the south and east, but had not yet struck at it, a UN Protection Forces (UNPROFOR) spokesman said here.

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"It appears they are being very careful with civilians," Lieutenant-Colonel Tim Spicer said. There was no deliberate shelling of Bihac and Moslem-led government and Serb forces were engaged in "a straight force on force fight" in the northwestern Bosnian enclave, he said.

Further north inside the enclave, the Moslem-held town of Velika Kladusa was again shelled and unconfirmed reports spoke of rebel Moslem forces crossing over from Serb-held Croatia to join in the battle. The forces, loyal to former Bihac leader Fikret Abdic, fought a nearly year-long war against Sarajevo forces before being defeated in the summer and fleeing to Serb-held Krajina, across the border.

Meanwhile, fighting continued north of Kupres in southwestern Bosnia, notably for control of high ground around Donji Vakuf. The town of Kupres fell to Moslem-led and Bosnian Croat forces around two weeks ago.

Fighting also continued around Ribnica and along the Posavina corridor in the north of the country and government forces had surrounded 30 to 40 Serbs on top of a hill at Stolace, in northeastern Bosnia, Spicer said. The Bosnian Serb army was trying to obtain their release, he added.

'All-Out' Attack From Croatia

AU1611102194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 16 Nov 94

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] Bihac and Velika Kladusa are at the moment under fierce attack from the so-called Serb autonomous province of Krajina in Croatia. The enemy is using long-range artillery, multiple-rocket launchers, and Volhov [SA-2] missiles. Bihac has been under attack since last night. It is an all-out attack from the so-called Serb autonomous province of Krajina. Infantry is also involved. As we have learned from the 5th Corps Headquarters, the entire defense line of Bihac is under attack. However, the defense lines of the 5th Corps remain stable.

'Liberation' of Entire Bihac Area Predicted

95BA0027B Zagreb DANAS in Serbo-Croatian 1 Nov 94 pp 12-13

[Article by Milan Jelovac: "The Battle for Bihac Is (Not) Over"]

[FBIS Translated Text] What exactly is happening in the broad area of the so-called Bihac pocket is a question that in recent days has been an equal concern for domestic and world media.

Numerous military and geopolitical experts would simply like to distinguish between what is the truth in the published reports and what is the result of a successful media warfare that the Army of Bosnia-Herzegovina has been waging for the last several months through its media experts installed in Croatia. Judging by the confirmed reports of the UN Protection Forces [UNPROFOR], the Army of Bosnia-Herzegovina has undoubtedly managed to achieve significant progress in the last 10 days or so in liberating the area around Bihac, that is, the Grabez and Srbljani plateaus.

To answer these questions and to seek authentic parameters close to the truth that might reflect recent events and the progress of the Army of Bosnia-Herzegovina, there is good reason to look at the official reports of the UNPROFOR, and to set them against the reports which are to some extent more independent than those from Bosnian military sources. Incidentally, the Sarajevo euphoria that arose after the Bosnian media published reports about "taking Bosanska Krupa, Pritoka, Ripac, and Grabez," and of "imminent entry into Bosanski Petrovac and Sipovo," is reminiscent of the previous actions of the 5th Corps in which they "liberated Bosanska and Croatian Kostajnica, shelled Glina, Topusko, Dvor na Uni, Korenica, and Plitvice." Here, we certainly should not condemn the Bosnian sources (military, governmental, and the media), because it is a notorious fact that a state that is attacked is allowed its wartime media propaganda.

The Strategic Importance of Grabez

Translating the scant reports of UN military observers into numerical parameters, it seems that Dudakovic's 5th Corps of the Army of Bosnia-Herzegovina has managed to liberate about 150 to 200 square km of territory controlled up to now by forces of the 2d Krajina Corps of the Army of the Bosnian Serbs. At first, it seems that this is a large area, but, judging by reports from the main headquarters of the UN Protection Force, this is a space 10 by 20 km northwest and southwest of Bihac. Forces loyal to the Sarajevo government have taken this area, it must be acknowledged, with surprising speed and without major destruction of urban complexes of the city on the Una, without any significant Serbian reprisal, which in the past has accompanied and characterized almost every armed initiative of Dudakovic's soldiers. And if we are to believe the military observers of the UNPROFOR, and in this case there is no reason to doubt, because these are experienced and carefully chosen field personnel, the key element of this rapid penetration of the Bosnian Army into the Serbian rear is capture of strategically important Grabez.

What makes Grabez so important, why is this plateau with a symbolic name ["grabez" means "looting" in Serbo-Croatian] such an important key in the battle for Bihac that has been waged for two years now? How did members of the 5th Corps of the Army of Bosnia-Herzegovina manage to capture it and then open the door to further progress into the depth of the occupied territory?

That plateau, which is only 5 km from the center of Bihac, was an ideal strategic point for the Serbian forces, which have superiority in equipment; they controlled the

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entire city as on the palm of their hand, and they also covered with their fire the only approach road from the direction of Cazin. It is certain that the Serbian tables of artillery coordinates included not only the vital military and urban civilian targets, but also the entire industrial zone, which is only 2,000 to 3,000 meters from Grabez.

Panic of Mladic's Forces

To make the entire picture clearer, we need to add that the area of Grabez, a plateau named after a village, was previously held by the former JNA [Yugoslav People's Army], which had at this site one of its largest garrisons anywhere in the entire area of the Bihac pocket. After departure of the former JNA, in May 1992, Karadzic's Serbs took up charge over the entire Grabez complex. In the masonry storehouses and the external system of fortified firing points, linked together by a system of concrete roads, Mladic's soldiery probably did not even expect any serious attack much less a defeat. After all, the positions of the 5th Corps of the Army of Bosnia-Herzegovina, some 50 meters away, could be controlled almost completely with automatic infantry weapons. In addition, the permanent threat of artillery reprisals against Bihac probably gave them false security. Nevertheless, what they did not expect did occur.

Although more complete information about the course of the battle for Grabez still has not leaked out to the public, many people are already reconstructing the beginning and course of the battle for that plateau. Aware of the fact that the distance between the opposed units on the line of contact was too small (only some 50 meters) for effective and relatively safe artillery preparation, Dudakovic's strategists probably decided on surprise commando operations, which were supposed to completely surprise the Serbian forces and result in a disorganization accompanied by panic. So, after the fierce initial strikes aimed at several Serbian targets, units of the Army of Bosnia-Herzegovina could begin combined artillery and infantry attacks. This is the version that seems most logical, because at first the Serbs obviously could not get their bearings, consolidate their defense, and respond effectively. Because of the panic, the Serbian lines disintegrated, and members of the Army of Bosnia-Herzegovina achieved their objective—they took Grabez and the notorious garrison of the Serbian army that is there.

Immense Serbian Casualties

In spite of what seems impressive war booty, because the entire strength of enemy artillery was on Grabez, Dudakovic's soldiers are not stopping, but are pushing the confused Serbian forces toward the Srbljani Plateau and deeper into the interior. The Serbian civilian population is fleeing, and the UN High Commissioner for Refugees confirms that more than 8,000 refugees have been registered in Bosanski Petrovac alone, 700 in Drvar, and several hundred Serbian civilians have sought refuge in Donji Labac and Knin.

This reconstruction of the battle for Grabez is based on information from Bosnian Government sources and the UN Protection Forces. The inventory of the war booty, according to the UNPROFOR, is less than asserted by Bosnian Government sources. That is, Tim Spicer, UN spokesman in Sarajevo, speaks of fewer than 100 Serbs killed, a smaller number captured, at least three tanks captured, 10 or so artillery pieces, a certain quantity of captured ammunition....

Now, the UNPROFOR figures do not coincide with the figures of the Bosnian Army concerning the further progress and direction of advancement of the forces loyal to the central authorities in Sarajevo. That is, following the first reports from Bihac published in the Croatian press about the liberation of Bosanska Krupa, Pritoka, Ripac, and about the "imminent entry into Sipovo and Bosanski Petrovac," the Sarajevo media "dropped the ball," maintaining silence about the recent alleged successes. After all, if it took the Serbian portion of Bosanska Krupa, Ripac, and the strategically essential Serbian fortification of Pritoka, the Bosnian Army would have achieved almost all of its strategic objectives and undoubtedly could already be thinking about liberating the entire Bihac district. The reports from official Bosnian sources are confusing, because although the central military authorities in Sarajevo deny any possibility of liberating Krupa and Bosanski Petrovac (already liberated?!), their media are publishing reports that the forces of the Army of Bosnia-Herzegovina are already at the approach to these cities.

A Counteroffensive Ensuing?

On the other side, there is the question of what the top military leadership in Sarajevo intends and above all the person on whom it is relying in Bihac, General Atif Dudakovic. The version that has the recent Bihac operation closely linked to the recent events in Kupres and the alleged initiative of the Army of Bosnia- Herzegovina to link up the 7th and 5th Corps would be possible only if the Serbian forces were utterly routed, completely beaten both militarily and psychologically.

So, some analysts, among them those from the UN Protection Forces, foresee an imminent Serbian counteroffensive in which the Serbs would try to get back what they lost, but also to achieve quite significant military success. After all, their dream of reaching the right bank of the Una River and linking up Knin and Banja Luka by rail has probably still not been written off. The UNPROFOR sources support this by referring to previous operations on Grabez, when positions were lost and retaken almost every day. Some people even hypothesized that the mass flight of Serbian civilians is actually an effort to fake a military defeat and seek an alibi for a new and far more powerful attack against Bihac. This city remains within range of Serbian artillery.

The battle for Bihac is continuing. To some extent in a way that has become familiar. Sometimes by military means, sometimes with propaganda.

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Serbs Announce Recapture of Kupres Locations

LD1511155394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1500 GMT 15 Nov 94

[FBIS Translated Text] Banja Luka, 15 Nov (TANJUG)—Two most important locations on the Kupres battlefield are again in the hands of the Srpska republic army, the command of the 2d Krajina Corps of the Srpska republic army announced today.

According to the statement, after fierce fighting against the Croat Defense Council [HVO] forces, units of the Srpska republic army regained Opaljenica and Kurljaj. The statement says that HVO forces fired more than 400 artillery shells, but the units of the Srpska republic army inflicted "huge losses in personnel and military equipment" on the Croat side.

The Corps command says that the positions of the Srpska republic army came under attack along the whole of the separation line, especially from the direction of Bugojno where units of the 7th Corps of the Muslim army are deployed.

On the Bihac battlefield, forces of the 5th Corps of the Muslim army are attacking Serb positions on the so-called Grmusa plateau east of Bihac. Muslim units today again attacked the positions of the Srpska Republic Army in the Grabez area, 4-5 km east of Bihac. The 2d Corps claims that the Muslims suffered huge losses in the fighting.

According to the same source, after fierce battles, the Muslim forces "fled in panic, leaving behind weapons and ammunition."

Serbs Destroy Muslim Convoy South of Mostar

LD1511172794 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1630 GMT 15 Nov 94

[FBIS Translated Text] Early this morning in the Blagaj area south of Mostar artillery units of the Srpska republic army destroyed most of the vehicles in a 70-truck Muslim army convoy transporting troops and equipment, Serb military sources in Bileca confirmed this morning.

The Muslim units in the convoy were heading for the Nevesinje front, where they were supposed to reinforce the units already there and resume attacks on Nevesinje.

That the Muslims are suffering heavy casualties is attested to by the frequent comings and goings of ambulances transporting the dead and wounded to Mostar. Muslim survivors are fleeing toward this city in panic and disarray.

Due to constant Muslim attacks from the Mostar area, the command of the Herzegovina Corps is carrying out intensive preparations for the definitive demilitarization of that zone—something the UN Protection Forces will be informed about as well.

Serb Operations Within Exclusion Zone Noted

AU1511202994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 15 Nov 94

["Summary" by Amra Durakovic]

[FBIS Translated Excerpt] [Passage omitted] One of the hardest days since the beginning of the aggression against the village of Vitkovici in Gorazde Municipality is in progress. Since early this morning, the chetniks have been shelling the village with all available means. Other villages have also come under attack from chetnik artillery and snipers. In addition to civilian targets, all the defense lines of the Gorazde defenders were also targeted, Enes Musovic reports.

The aggressor continues to intensify his activities against the Srebrenica protected area, and is using artillery, small arms, and antiaircraft weaponry. Apart from material damage, there were no casualties, Ibrahim Becirovic reports.

Salih Hadzicalic reports that intensive aggressor small arms and antiaircraft provocations against the defense lines were reported on the Visoko front this morning. At around 1100, a chetnik tank from Trnci in the exclusion zone started its criminal activity against the wider area of the town. The chetniks are using the UN Protection Forces' [UNPROFOR] inferiority, so that after 1400 they launched a new savage attack from the same stronghold, which was directed at the Visoko suburbs. Two people were wounded and the material damage is immense.

Correspondent Izudin Durakovic reports that, today, the enemy on the Gracanica front fired from small arms and antiaircraft arms, and used artillery sporadically. The town's industrial zone, the territory of Lukavica, and the Doboj free areas were also not spared the enemy activity. Extensive material damage was caused, but fortunately there were no casualties. [passage omitted]

Today, chetnik artillery targeted the Breza-Visoko route, Edin Cabarabdic reports. Luckily, there were no tragic consequences.

In the morning hours, the aggressor targeted our defense lines in the Adzici area with small arms. The aggressor fired six rifle grenades from Orlovac at the wider area of Trebevic. Despite the anti-sniping agreement, UNPROFOR is obviously incapable of controlling the aggressor's snipers. From the region of Grbavica and the aggressor's positions in the area of the Jewish Cemetery, the Serbian fascists again fired at a tram in Marijin Dvor, so that the tram service has been suspended until further notice. The chetniks again stepped up their activities against the defense lines and civilian facilities. Using an antiaircraft machine gun and small arms, the enemy fired from Gornje Borije at Ravna Stijena and from Prskalica at Brusine. A sniper from the aggressor's positions today wounded a member of the Egyptian battalion in Sedrenik. Small arms provocations from

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Grbavica at Vrbanja Most are also frequent. The aggressor fired several rifle grenades from Dobrinja at [name indistinct]. Luckily, there were no casualties. This was reported by the 1st Corps Information Service.

Serbs Fire 'Refitted' Air Force Bomb at Pazaric

AU1611094794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 16 Nov 94

[Report by Zvonko Maric from Hadzici]

[FBIS Translated Text] Yesterday afternoon the Serb aggressor from the area of the village of Matici near Hadzici—which is in the [Sarajevo] 20-km exclusion zone—fired a weapon of great destructive power at Pazaric. Army sources stress that this was a refitted bomb of the kind usually dropped from aircraft, the [word indistinct] 500-kg bomb. Fortunately it did not cause any casualties, but there was a lot of material damage.

Overnight and this morning [words indistinct] apart from small arms fire at the defense lines of the Bosnia-Herzegovina Army. At the moment the general alarm is still in force on the entire free territory of the Hadzici Commune.

Ganic, Delic Analyze Military Situation in Tuzla

AU1511202894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 15 Nov 94

[FBIS Translated Text] Dr. Ejup Ganic, Bosnia-Herzegovina Presidency member and vice president of the Bosnia-Herzegovina Federation, today visited Tuzla, where he met with the chief of the General Staff of the Bosnia-Herzegovina Army, General Rasim Delic and Brigadier General Hazim Sadic, the 2d Corps commander.

The talks focused on the analysis of the military situation on the 2d Corps fronts. In the course of the day, Ganic toured some of the Bosnia-Herzegovina Army units and positions in the area.

Croat Commander on Situation, Muslim Cooperation

LD1511191994 Mostar Croatian Radio Herzeg-Bosna in Serbo-Croatian 1700 GMT 15 Nov 94

[FBIS Translated Text] Major General Tihomir Blaskic, chief of staff of the [Bosnian] Croat Defense Council [HVO], spoke about the situation on the Kupres and other fronts and cooperation between the HVO and the Muslim army at a news conference in Tomislavgrad today. Our reporter Antun Mrkonjic reports from Tomislavgrad.

[Mrkonjic] The Serbs have lately been stepping up attacks on most fronts on the HVO. Since 0500 this morning they have been trying to pierce our defensive lines from the direction of Glamoc and Sipovo. Residential areas in Livno, Tomislavgrad, Mostar, and Stolac are regular artillery targets, General Blaskic, said at the opening of the news conference. He stressed that the HVO moved its defense line by 4 km from Zlosela.

Asked by reporters to comment on the statement by the Srpska army's Herzegovina Corps that they would demilitarize Mostar, that is, Radovan Karadzic's statement that the Serbs would recapture Kupres after the fall of Bihac, General Blaskic said that the Serbs are already trying to recapture Kupres; however they are demonstrating their impotence by cowardly shelling of civilian targets.

The HVO is ready not only to repulse the enemy but to liberate Croat territory as well. In this connection joint military operations have been agreed with Muslim forces. Concerning the meeting with [Muslim army commander Rasim] Delic in Kresevo, Blaskic said the following:

[Begin Blaskic recording] One of the issues is coordination in further joint military operations, and exchange of information on the situation on the Bihac and other fronts. On the other hand, another important question is a more operational role of the joint command. To this effect we have already agreed to reinforce the joint command with an additional number of officers at the levels of corps and operational zones, who would primarily be charged with tasks concerning operational activities of the joint command, coordination, combat activities, and resolving further issues pertaining to the organization of the federal army.

We also examined the issue of POW exchanges, and the issue of the return of refugees, that is, the creation of security conditions for the return of refugees, because we believe that this question lies within the jurisdiction of politicians. Another question we reviewed yesterday was agreement on future forms of military activities and engagement in the corps' and commands' operational zones. [end recording]

[Mrkonjic] The sincerity of these agreements will soon be put to the test in the field. The operational section of the joint command will be deployed according to agreement by the end of the month. We suggested that Zenica or Fojnica should be the new headquarters, General Blaskic said.

As far as the situation on the front east of Mostar is concerned, Gen. Blaskic said that to his knowledge the Muslims are attacking with sabotage groups and scoring victories. However, the defense lines have not been moved.

Asked by reporters to elaborate on future joint operations by the HVO and Muslim forces, Gen. Blaskic said:

[Begin Blaskic recording] We know that there are territories of immense importance to us and it is in those directions that we will orient our activities. It is precisely

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there that we expect cooperation and joint operations by the two armies. We are also well aware that there are territories of lesser importance to us at the moment, so HVO units should not be expected to be engaged in those sectors of the front. [end recording]

[Mrkonjic] The next question concerned the defense law presented to the constituent assembly for adoption by Jadranko Prlic, the Bosnia-Herzegovina federation's defense minister. Gen. Tihomir Blaskic did not wish to speculate whether the assembly will adopt it or not, but added that the HVO has met all its responsibilities stemming from the [Muslim-Croat] Split agreement [on joint armed forces] and that he expects the other side to do the same.

The HVO command and Gen. Rasim Delic also discussed the frequent attacks by the Muslim armed forces and the mojahedin on members of the HVO in Usora. Delic, Blaskic said, gave firm guarantees that these attacks will stop and that the mojahedin in Zenica and Tesanj will be redeployed and their movements curtailed.

Government Officials on Croat Return to Vares

AU1511213794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 15 Nov 94

[FBIS Translated Text] The return of Croats to Vares is not a realistic possibility until the problem is given serious consideration throughout the Federation. This is what state Presidency Member Mirko Pejanovic and the parliamentary delegation headed by Bosnia-Herzegovina Assembly Chairman Miro Lazovic were told in talks with the leadership of Vares Municipality.

The chairwoman of the Vares Municipal Assembly, Mervana Hadzimurtezic, informed the visitors from Sarajevo of the fact that some 700 Croats had returned to the municipality, so that there were now altogether 1,500 of them in the area. In November last year, the Croatian Defense Council evacuated some 700 Croats from the town. The municipal leadership expressed their goodwill and readiness for the return of everyone to their homes and the implementation of the constitution. It was stressed that this process must not be disorganized and that it cannot be implemented in an isolated manner.

Serb Official Warns of 'Super Lethal' Weapons

AU1511141294 Belgrade BORBA in Serbo-Croatian 14 Nov 94 p 13

[Interview with Momcilo Mandic, chief of the Srpska republic bureau in Belgrade, by Djoko Kesic in Belgrade; date not given: "We Almost Lost Our State"]

[FBIS Translated Excerpt] [Kesic] We spoke to Momcilo Mandic, director of the Srpska republic bureau in Belgrade, and "the first and last consul," as he put it, of his country in the FRY [Federal Republic of Yugoslavia]—since he is convinced that it will all be one country soon—immediately after his return from Pale, where the Srpska republic assembly held its session. Our first question referred to the course of the great military conflict on the Bihac front.

[Mandic] Our people have retaken Grabez, and I think that they will recapture all the territory from the Muslims within a few days. They could do even more, since the Muslim corps has been caught nailed between our forces. Our army has surrounded them, and our people are heading toward Bihac. In two to three days we will either kill them or capture them. If the international community allows it, the 5th and 7th Corps will be completely routed within a few days.

[Kesic] The international community is talking about the necessity of a military balance that would allegedly leave room for talks.

[Mandic] In my opinion the balance has already been in existence for a year. The Muslims and the Croats in Bosnia are getting all kinds of weapons. The lifting of the embargo does not mean they will be getting any more weapons. Ships have been bringing in arms to the ports of Neum and Ploce, and then they are transported by helicopter to various places, or in convoys up to Mostar, Jablanica, Konjic, Tarcin, Igman, and Sarajevo. Therefore, they are getting arms. They have Singer guns, missiles, three-barreled guns [trocijev], they have everything. The money is coming from Saudi Arabia, Iran, Turkey, and so on. Turkey is the base and coordinator for all this.

[Kesic] What is your assessment of further developments, both political and military, in the former Bosnia-Herzegovina?

[Mandic] To judge from the report and somewhat angry speech that Radovan Karadzic made to the army, one can see that we could have easily lost the Srpska republic because of the poor discipline and lack of responsibility of some commanders.

[Kesic] According to the assessment of the Srpska republic leadership, how will events in the former Bosnia-Herzegovina develop?

[Mandic] This introduction of a semi state of war is intended to make the army take things more seriously, to create a more mobile professional army that will be more accountable for the job it does. We have plenty of weapons and ammunition, and some super modern, super lethal weapons that have not been used but are stationary, particularly in Krajina—since it has not been attacked—and so we have ensured our own military superiority. It will not happen like in Bihac that the enemy penetrates 30 km into our territory without a single bullet being fired.

[Kesic] You have mentioned a possible exchange of Gorazde, Sarajevo, and some other territories. Have there been any secret negotiations with the Muslims during the talks about exchanges of territories?

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[Mandic] Yes, there have been such talks, and our leadership is trying to get us both Srebrenica and Gorazde. The Muslims are never to be trusted. They are ready to exchange Gorazde for parts of Sarajevo, such as Ilijas, in order to link up Sarajevo with central Bosnia, with Zenica and Travnik. I think that an agreement on territorial exchanges will probably be reached. And for us, despite these political disagreements now, the most important thing is to hold the Drina River, to lean territorially on Montenegro and Serbia.

[Kesic] In Pale now at the assembly session, could they see an end to the war? Is there a new political agreement anywhere in sight?

[Mandic] I can only speak for myself. I feel that if small concessions were to be made to the Srpska republic—such as a written guarantee of confederal ties with the FRY, the division of Sarajevo, and a wider corridor near Brcko—then our people would sign. So I think that neither the leadership not the people care about getting 58 percent or more territory. They will be happy with 49 to 50 percent, but it has to be compact territory.

[Kesic] Have there been any hints from the international community that such solutions might be offered?

[Mandic] Now it has become a global conflict between the United States and Germany on one side and Russia, England, and France on the other. The United States wants to leave a core of a Muslim state, that is, something that will bother Europe in future, so as to undermine a united Europe.

[Kesic] As far as you know, what does Karadzic think about the possibility of Milosevic recognizing Croatia and Bosnia-Herzegovina within their AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] borders. The German and U.S. pressure on Serbia and the FRY is great.

[Mandic] No one in the Srpska republic, including Radovan Karadzic, is even thinking about Milosevic recognizing Bosnia-Herzegovina within its AVNOJ borders. Not even a child would do that until an agreement is reached, that is, until a peace agreement is signed between the warring sides. [passage omitted]

[Kesic] There are some serious claims about differences in the military and state leadership of the Srpska republic concerning the achievement of the political and military strategic aims of the Srpska republic.

[Mandic] I know Ratko Mladic. We come from the same place, and have known each other for a long time. As for the territorial demarcation, Ratko Mladic is, if anything, more radical than Karadzic. He is even more radical than Krajisnik. Karadzic is the closest to Milosevic in terms of achieving his plan. My view is that Karadzic would have listened to Milosevic and somehow signed the plan, but in the assembly he does not wield the kind of power that Milosevic wields over the Serbian Assembly. His signature would have been rejected by the Pale assembly, which would have brought about a conflict between the assembly and the president. The Serbian people and the leadership would have become divided.

[Kesic] General Mladic disappeared from the public eye for a while. Foreign media claimed that he was being treated in Greece, that he had been wounded. What is the truth?

[Mandic] None of this is true. In agreement with Karadzic and the political leadership, the general withdrew from the public eye to ease off the pressure so that he could do his job properly, that is, so that he could continue to command the Srpska republic army. I will say this to you: The man spent some time at the Dvorovi spa near Banja Luka, a week to rest. He had some problems with his blood pressure, so he had a little rest and had the illness treated, and now he is back in his command post. He has not been wounded, he is not ill, his leg has not been blown off, and he has no problems. [passage omitted]

[Kesic] What does the consul do, that is, what does the director of Srpska republic do in a country that has officially imposed a strict blockade on his country?

[Mandic] As for food aid, and any form of aid to the Srpska republic, there has been no blockade there.

[Kesic] But there has been on military material.

[Mandic] On military material and on fuel, yes. However, we have so much ammunition and so many tons of weapons that now we certainly do not need Yugoslavia's or anybody else's help. We can fight for about six months or a year without anybody's help, as far as ammunition and weapons are concerned. [passage omitted]

[Kesic] The people in the Srpska republic are embittered over the political shift that came with the 1 August decision.

[Mandic] The people still cannot believe it. Some say that it is a political game, others say that it has been agreed, others still say that it is a personal clash between Karadzic and Milosevic, which has been passed down on the people. Anyway, the people do not understand what is going on, and what the real truth is about the political leaderships.

[Kesic] Have they really clashed personally?

[Mandic] I know, since I have personally contacted both of them, I know that Milosevic himself loves, well, not loves, but likes Karadzic very much, but he is very angry with him for not listening to him, for not respecting the agreement made in Dobanovci. He probably does not realize that Radovan Karadzic could not have behaved in any other way. [passage omitted]

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War Crimes Tribunal Visits Serb Krajina

LD1511193994 Belgrade TANJUG in English 1758 GMT 15 Nov 94

[FBIS Transcribed Text] Knin, Nov. 15 (TANJUG)—A delegation of the International War Crimes Tribunal for the former Yugoslavia on Tuesday visited Serb Krajina for talks on further cooperation.

The tribunal delegation, headed by chief investigator Alistair Millroy, met with the representatives of the Veritas Association and of the Ministry of Justice in Serb Krajina's capital town of Knin.

Serbs in Krajina set up their own state, the republic of Serb Krajina, in 1991, after Croatia launched a war of secession from the former Yugoslavia and removed Serb national rights from the Croatian Constitution.

Croatian forces attacked Krajina, but were largely driven back. The territory of Serb Krajina was placed under United Nations protection in the spring of 1992, but has since been the target of four Croatian military offensives in which many civilians were killed.

Sava Strbac, chairman of Serb Krajina's Veritas information center, said after the meeting that the purpose of the visit by The Hague tribunal delegation to Serb Krajina was to gather documentation and evidence in preparation of the forthcoming trials.

Officials of the Veritas center said they were pleased with the initial steps of cooperation.

'Mr Millroy said he wanted good cooperation with all parties to the conflict, so that the tribunal should be able to obtain documents. He tried to convince our representatives that the tribunal would not be biased,' Strbac said.

He said that the Veritas officials at the meeting presented only a small portion of available evidence on crimes committed by the Croatians, because there was not enough time to present all of it. The tribunal delegation was surprised by the extensive evidence.

'They have requested us to provide them as soon as possible with a list of documents on crimes against humanity and on violations of international humanitarian law,' said Strbac.

'They have also suggested that a provisional office of the tribunal be set up in Knin, where international experts in various fields could come,' said the Veritas chairman.

RSK President Denies Involvement in Bihac

LD1511143494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1255 GMT 15 Nov 94

[FBIS Translated Text] Knin, 15 Nov (TANJUG)—Milan Martic, president of the republic of Serb Krajina [RSK], said the Serb army of Krajina has not meddled in the clashes in the Bihac area and will not do so, because that is an inter-Muslim war provoked by Atif Dudakovic's forces.

In a statement for TANJUG, Martic said "the people of the Cazin Krajina, who have been in the RSK for several months now and who are threatened by a humanitarian disaster, are determined to go back to their homes, from which Dudakovic's army drove them, before the winter."

Martic said charges that the RSK's armed forces are meddling in the war in the territory of the Autonomous Province of Western Bosnia are tendentious and noncorroborated. He stresses that Croatia's threats to attack the RSK because of its alleged interference in the war is a recognizable method of derailing the peace process between the RSK and Croatia.

"The amassing of forces on the border between Croatia and Krajina just when the negotiations on economic issues are under way is a certain kind of pressure which puts the argument of force in the foreground," he said. He added that, despite this atmosphere, a Krajina delegation went to Zagreb "because the peace option is the only choice."

The RSK president stresses: "The accusations about our alleged interference in the clashes around Bihac are completely arbitrary and are aimed at weakening the RSK's negotiating positions. That is why we are ready, if need be, to invite international observers to deploy along the border between the RSK and the Autonomous Province of Western Bosnia." He also said this would remove any doubt as to whether Krajina is taking part in the inter-Muslim war.

Commenting on the current stands by the Croatian leadership, Martic said Krajina cannot tolerate it forever because it cannot allow Croatia and part of the international community to interpret Krajina's commitment to peace as an inability to mount effective resistance to any attack.

Belgrade Reports on Krajina Talks Progress

AU1511184594 Belgrade Radio Beograd Network in Serbo-Croatian 1800 GMT 15 Nov 94

[Report by Dragoslav Kosaric]

[FBIS Translated Text] At the time of sending this report from the UN Protection Forces [UNPROFOR] military base at Pleso airport at 1820 [1720 GMT], the talks between the delegations of Croatia and the Serbian Krajina are in full swing.

It is still not known whether the expert groups have coordinated their views and whether all necessary preconditions for the continuation of talks at a plenary level have been created.

U.S. Ambassador Peter Galbraith was vague in his contacts with the reporters outside the military base

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today. He diplomatically expressed hope that today's meeting would be the last one, that is, that an agreement would be signed. According to Galbraith, even if the agreement is not signed, some progress has been made.

Some estimate that the plenary session should only be expected to take place in the evening. We must immediately note, though, that a precondition for this is an agreement by the expert groups. As to what is actual happening inside the well-guarded UNPROFOR base and how the negotiations about the opening of roads, the oil pipeline, electricity lines, and water pipes are progressing—this is all in the realm of guesswork and speculation.

One thing is certain, namely, the talks are still being attended by cochairmen Owen and Stoltenberg and Ambassadors Ahrens, Kerestedzhiyants, and Galbraith.

Zagreb Report

LD1511185894 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 15 Nov 94

[FBIS Translated Text] Negotiations between representatives of the Croatian authorities and the Serbs from Knin are still going on at Zagreb's Pleso airport. The Croatian delegation is headed by Hrvoje Sarinic, and the Serbs from the occupied areas by Borislav Mikelic. Tihomir Vinkovic reports:

[Vinkovic] Since the negotiations are being conducted away from the media, the only source of information is U.S. Ambassador Peter Galbraith during his occasional appearances. According to him, negotiations are being conducted in groups and there is a possibility of a plenary meeting. But Galbraith could not specify when. He said that setting any deadlines is counterproductive but added that the international community has no intention of negotiating for ever.

As announced, the agenda includes economic issues, the opening of the roads and the oil pipeline, and the restoration of water and electricty supply on the Croatian state's entire territory. Galbraith described today's negotiations as the second stage of a process outlined in the plan of the so-called Group Z-4. The first stage was marked by a cease-fire agreement reached in Zagreb in March. The third stage should involve efforts to find solutions to political issues or rather the reintegration of the UN protected area into Croatia's state system. The question is to what extent economic and political negotiations can be separated from each other. An answer is expected after 2200.

UN Aid to Refugees Suspended for Joining Forces

AU1511170194 Paris AFP in English 1645 GMT 15 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 15 (AFP)—The United Nations is suspending aid to tens of thousands of refugees living in camps in a Serb-held area of Croatia because many of them are joining rebel forces to fight the Sarajevo government, UN officials said Tuesday.

The office of the UN High Commissioner for Refugees (UNHCR) is halting aid to the Batnoga and Turanj refugee camps in the Serb-held Krajina region, UN spokesman Michael Williams said in Zagreb.

On Tuesday, the International Committee of the Red Cross said in Sarajevo that it had issued a protest over the recruiting by rebel Moslem leader Fikret Abdic of troops from among some 30,000 refugees who crossed over into the Krajina region at the end of the summer when Bosnia government forces routed forces loyal to Abdic.

Red Cross spokeswoman Lisa Jones said the recruiting of refugees and former prisoners of war was contrary to international rules and to an agreement, signed by warring parties in October 1992, which promised that released prisoners would not be returned to military service, Jones said.

The UN Protection Force said up to 6,000 Abdic soldiers had gathered on the border with Bosnia, where they were preparing to join in a Serb-led offensive against Moslem-led government forces inside the enclave.

Until now, their action appeared to have been limited to small incursions into the northern part of the enclave, where they have been laying anti-personal mines, one UN officer said.

Jones said several hundred former prisoners had been recruited by Abdic, adding that the Red Cross had asked that such recruitment be stopped and that those already mobilized be returned to the refugee camps.

Further on Suspension

AU1511211294 Paris AFP in English 2049 GMT 15 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 15 (AFP)—A UN refugee organisation is cutting food aid to "a strict minimum" for thousands of Bosnians living inside Serb-held Croatia to protest their recruitment into an anti-Sarajevo militia, a spokesman said Tuesday.

Peter Kessler, from the office of the UN High Commissioner for Refugees (UNHCR), said the move was meant as "a political gesture" to secessionist Croatian Serb authorities in Knin, their stronghold in the breakaway Krajina region bordering western Bosnia.

"Basic food items and water" were nevertheless being delivered to women and children among the 25,000 to 30,000 refugees living at the Batnoga and Turanj refugee camps as "we can't punish these people who are in need," Kessler said in an interview from Zagreb.

The UNHCR was extremely concerned about the recruitment of refugees by Krajina Serbs and by Fikret Abdic, a maverick Moslem leader from Bihac whose

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autonomous forces were crushed by the Sarajevo government last summer after a year-long war.

Following Abdic's defeat, most of his followers fled to neighbouring Serb-held Croatia, refusing to return despite assurances by Sarajevo they would be amnestied.

Recruitment of refugees into armed forces to fight their government was a violation of international conventions, Kessler said.

UN Protection Force officials here believe some 6,000 men have joined the new Abdic forces, now poised on the border, to the east and north of the Bihac enclave, ready to join in the current Serb offensive against Moslem-led government troops surrounded inside the pocket.

Until now their action appeared to have been limited to small incursions into the north of the enclave, where they have been laying anti-personnel mines, a UN official said.

On Tuesday the International Committee of the Red Cross also said it had protested the enrolment of refugees.

Tudjman Addresses HDZ Central Committee

LD1511203394 Zagreb Radio Croatia Network in Serbo-Croatian 1430 GMT 15 Nov 94

[Speech by President Franjo Tudjman to the Croatian Democratic Union Central Committee in Zagreb on 15 November—recorded]

[FBIS Translated Text] I am opening this session of the HDZ [Croatian Democratic Union] Central Committee with a minor amendment to the agenda distributed earlier. This means that the first item on the agenda is the draft decision to elect the HDZ secretary general with an amendment and to co-opt new Central Committee members. The second agenda item is the Croatian Government's report and debate on the process of ownership transformation and privatization. Allow me to explain briefly why the agenda was changed.

Outgoing Secretary General Dr. Jure Radic has left to take up a new important post as minister for reconstruction and development and deputy prime minister. A party such as the HDZ must have a professional secretary. For that reason the proposal has been put forward that Dr. Radic remain member of the HDZ executive and Dr. Zlatko Canjga be elected secretary general. Dr. Canjga is a young man and has been an HDZ member since its inception. This means that our orientation is to rely on both old forces and younger people in further consolidating the HDZ.

In addition, the proposal to co-opt new members of the Central Committee is based on the fact that recently we have been joined by about 100 people, both old followers of Radic and members of the Croatian Peasant Party [HSS] or people who never before belonged to any party; 74 of them came to us with a list and they were later followed by another 30. All in all over 100 new people have joined us. They include about a dozen of university professors and scientists, workers, and peasants. Consequently, it is our view that they should be represented in the Central Committee. This new development indicates that the HDZ is consolidating its ranks, that its reputation is increasing among the Croatian people, the Croatian public; and that those who wanted to provoke a crisis in the HDZ and, by implication, in parliament and the state have not just failed but with their conduct have shown that they have no place in it and that they have distanced themselves from the HDZ and its policy. In other words, this is an indication of our growing reputation and consolidation, and we shall therefore recommend that they are represented on our central committee. We have also been joined by a group of people from the Christian Democratic Party. You will shortly receive the relevant proposals.

The second item on the agenda: A debate on the results and problems of the process of ownership transformation and privatization so far has been put on the agenda on the eve of the debate on the same issue in the Assembly, where the HDZ deputies called for a debate not because the opposition was raising the issue and politicizing it in an unprincipled way, striving to use the problems of privatization and transformation to discredit the HDZ, the government, but in order to assess our results in this sphere, to identify the problems and decide what to do to ensure that we march forward even more successfully. It is clear that the problem of transformation and privatization is one of the main issues of Croatia's economic revival. In this sphere—and I think you will all agree—we have achieved enviable, and not just enviable but also unexpected and even amazing, results. The world, and even those most sceptical out there, marvel and ask how we succeeded in achieving in the economic sphere such a degree of stabilization, such a drop in inflation as in no other country. Today Croatia is the country with the lowest inflation rate in Europe. This is the result of the policy of the HDZ, of the government of Prime Minister Nikica Valentic and his colleagues in the government. It is the result—as the most prominent world economic experts said when asking themselves how could Croatia achieve all that and other countries could not—and Croatia achieved it all in the economic sphere without foreign credits and by relying on its own resources, on its own judgment, its own decisions as we have done in other spheres. These most prominent world experts are telling us: You have achieved all this because of the state and political leaders who knew what they wanted and because you had political forces to implement it all. In other words, the government could implement it all because it was headed by a man of Nikica Valentic's caliber and his aides who were capable of implementing policies and because they had behind them the parliamentary majority and support by the majority of the Croatian public.

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So, attempts by some people from the opposition to destabilize HDZ policy and government over the issue of transformation and privatization are futile and will turned out to be a failure like many other attempts to destabilize Croatia and the policy of the HDZ, including the attempt to provoke a rift within the HDZ, to discredit our policy over Bosnia-Herzegovina and the demand to restore the sacred name of Dinamo [Zagreb-based football club]. When all these attempts failed they latched onto privatization to deny all our positive results in our economic revitalization. In this way they want to provoke a crisis, to discredit Croatia in the eyes of the world, to use the few cases of abuse inevitable in social and political life to negate the positive aspects of transformation and privatization and to attribute them to the HDZ and the government. They want to attach general importance to the mistakes, to the abuses and even the small number of cases of criminal behavior inevitable in everyday life.

Our debate today should tackle a real problem, so we can see what has been done, what the results, what the problems are, so we can lay down guidelines, how to approach these issues, in our conclusions—which will be compulsory for the HDZ club of deputies at the assembly and otherwise for our membership in all the counties, among the entire public. [sentence as received] This is sufficient to explain today's agenda. Let me add several footnotes and draw your attention to the kind of general circumstances surrounding this discussion.

Ladies and gentlemen, dear party friends, Croatia's international position is stable precisely because the world has found out that Croatia has a motr solid democratic system and a more stable democratic order than other former socialist countries. This is thanks only to the HDZ. The results in foreign and internal politics have brought about the kind of situation wherein it is only Croatia where the former communists stand no chance of returning to power in one form or another. [applause]

In all of the countries of the former socialist block, ranging from the Baltic countries to Poland, Hungary, Slovenia, and Bulgaria, the ex-communists' presence is on the increase. Why, they do not have a political force such as our party. This is why this world, which was not sympathetic—that is, it was not sympathetic to the creation of an independent and sovereign Croatia—this and such world from Europe to America has accepted Croatia, an independent and sovereign Croatia as an important factor to be reckoned with in the international order. [sentence as heard]

Today, we have exceptionally friendly relations with the world's main power, the United States, in every sphere. In recent days you have learned that Minister Susak endorsed a military agreement between our Defense Ministry and the U.S. Defense Department. That agreement will be signed toward the end of this month. Susak will sign it in Washington. To us, the agreement formalizes what we are doing: cooperation between our defense forces and the United States in the sense of training, and all other matters of most interest to us. It is obvious that if the United States had no interest in this Croatia, as we represent it, it would not sign such an agreement in this sensitive area.

On the other side of the world we enjoy friendly relations with the most populated world power, China. This country is ready to cooperate with us in all areas and provides for our economy a vast area for cooperation. In Europe, in the European Union, you know who our allies are, the allies we can firmly count on. At the same time, it can be said that because Croatia has secured a place for itself in the international order, countries such as France and England, which in this region pursued a policy reflected in the creation of the Versailles Yugoslavia and, after the Second World War—in their support for Yugoslavia their policy is becoming increasingly more objective with the growing desire to cooperate with Croatia.

Following the Washington agreements we have developed friendly relations with Islamic countries. We have already established sports and other relations with Israel, and you know that this means an improvement in our relations with financial and other circles throughout the world. In other words, Croatia's international position is favorable. I dare say that it is hard to imagine a more favorable position. But, my dear friends, the world is not simply the way we want it to be. Although the world has recognized that independent and sovereign Croatia is a reality to be reckoned with in the creation of a new international order in southeast Europe and in the Balkans, it must be borne in mind that the world, such as it is, has not yet abandoned the idea that there is nevertheless a need for creating some kind of a new community in the space of former Yugoslavia because of the opposing interests [suprotnosti] existing between the main powers in Europe, between Europe and Russia, and, because of the special approach by the main world power, the United States. Accordingly, if on the one hand we can rely on the fact that the world has not just recognized but has identified the need to count on democratic and sovereign Croatia, on the other hand efforts are afoot to find a solution, to reach the final denouement in the crisis in Bosnia-Herzegovina in order in some way to link these kindred peoples [srodni narodi] in a union.

Dear friends, I wish to remind you of the words of the Holy Father during his visit to Zagreb, when he spoke, obviously from the point of view of both Christianity and Western civilization—because three civilizations have clashed on the territory of Bosnia, western Christianity, eastern Christianity and in view of the Muslims there, Islam as well—when the Holy Father spoke about Sava and Danube rivers. Recently the Bishop of Belgrade, on return from his one-year, sorry, one-month visit to Rome, said in an interview that the Vatican had no special program of its own but that it can be heard among Western diplomats that a desire was very much in evidence for a union or a confederation between the independent and sovereign states.

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We have to be aware that the problem of liberating our occupied areas, the problem of solving once and for all the crisis in Bosnia- Herzegovina, are not only the problem of relations between Croats and Muslims, or between Croats and Serbs, but that it is also a problem of the world, of civilization, and that in relation to it we are being recognized as an independent entity. At the same time, we are restrained by the fact that it is a problem of general concern to the world. You are aware that in the last few days we have hardened our stands, that we have set deadlines to the Serbs of Knin to sign an agreement on starting reintegration of Krajina and to sign that agreement by 21 November and to ensure that the process of reintegration gets under way from now until next month. Otherwise, in January 1995 we shall cancel UNPROFOR [UN Protection Force].

As I said, this is something that does not depend only on our judgment, our will, our determination, or our strength. In other words, we are here part of world relations. In any case, rest assured we are going to know, just as we knew how to lead Croatia up to this stage, how to lead it to the total liberation of our occupied areas, and even to a stage whereby the solution to the crisis in Bosnia-Herzegovina will be in support of Croatia's interests rather than against its interests.

Hence, we will not tolerate delays in reintegrating the occupied areas. Likewise, we are not going to tolerate having some kind of solution imposed on us whereby we should.... [pauses] There have been some suggestions to the effect that we should admit, in addition to the Muslims and the Serbs in Bosnia in particular, or else that whole Bosnia-Herzegovina, if it survives, should be part of a confederation with Croatia as well as with Yugoslavia—here we go again—in some kind of a Balkans pot.

Consequently, we are going to be wise enough and clever enough to preserve our independence and ensure our economic development and our own place in the world. Please, when you consider, when the public consider our moves, our acts, then you should bear in mind this very complicated crisis surrounding Bosnia-Herzegovina, its opposites in terms of civilization. In this context the world really wants to prevent the war from spreading and even a clash of civilizations from taking place, on the one hand, and we should not tolerate the kind of one-upsmanship which will be based on who is going to secure a larger sphere of influence in this area, which would be to our detriment.

I believe that on the strength of our relations with the main European and world powers we will succeed in this. This was our initiative, this was my personal initiative, behind this demand of Zubak, the federation president, and Izetbegovic, as regards this Bihac crisis, so we could raise our demands and raise stakes regarding UNPROFOR. [sentence as heard] We are going to see; talks are being held today. The world demands that we find a solution politically. All right, we are going to try, we are going to try to retune our policy. But be rest assured that we are not going to be a toy in anyone's hands.

May I remind you that the Maslenica operation, and everything that that move implied, was not endorsed by our friends. We nevertheless took that step. Consequently, since the beginning of creating an independent sovereign Croatia.... [pauses] We have enough independence in our policies. We are going to preserve this. In any case, we are going to take account of these general circumstances, in order not to damage, by making a hasty move, this position Croatia has secured in the world. This position guarantees us that we will secure sovereignty across entire Croatian territory and that in the crisis of Bosnia-Herzegovina we are going to secure the strategic interests of Croats in Bosnia-Herzegovina and the strategic interests of the Croatian people.

I believe that regardless of the total complexity and contradictions in the world and the world's confusion there are realistic prospects of this policy of ours securing these Croatian interests.

Dear friends, these are the circumstances in which we have met to discuss the issues on the agenda and which we must constantly bear in mind, never ignoring the difficult and complicated nature of the problems while at the same time trying not to lose confidence in ourselves. To implement this policy we need a HDZ as strong as it has been, and even stronger if it is to be the mainstay of Croatia's policy. If we had not had the HDZ—and I wish to say this again—as head of state, I would not have been able to make decisions in cooperation with my aides, which, as the world has recognized, were from both political and economic point of view a surprise and, as its was said, even a political and economic miracle that made Croatia achieve what it has achieved under the circumstances.

Role of HDZ in Privatization Questioned

95BA0019A Split FERAL TRIBUNE in Serbo-Croatian 24 Oct 94 pp 6-7

[Article by Marinko Culic: "Even After Franjo-Tahi"]

[FBIS Translated Text] *This sort of amalgamation of the ruling class and the class of owners did not exist even under the previous regime. Therefore, the comparisons go back decades and even centuries, and it is not strange that some sociologists are already speaking of the refeudalization of Croatia, although in time the comparison with occupying "reserve positions" in the event that power is lost could be increasingly topical.*

Is the HDZ [Croatian Democratic Community] becoming the owner of Croatia? This question is raised suggestively in several cases where the ruling party has directly (Domovina) or through transformation (Koteks) emerged as owner-entrepreneur, and thus has declared its desire to experience the charms of capitalism directly. But although these two initial baby steps have provoked plenty of suspicion (especially when the existence of

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arch-murky "presidential capitalism" was revealed, as in the case of Netelo), this is only an insignificant part of what is brewing behind the famous transformation/ privatization, which is accelerating the creation of a new class of Croatian mandarins, supported on one foot by the top echelons of governmental power and on the other foot by their new property.

Admittedly, all of this is only just emerging, because according to some estimates (Drazen Kalodjera, Ivan Herak...) less than 1 percent of the total national capital has been privatized (Valentic's estimate is 10 percent, while Penic goes as high as 50 percent), and of that 1 percent more has been registered than actually sold. However, it is unclear which is worse—for this process to move so slowly, or that it accelerate—because in the first case the Fund for Privatization and the banks (and thus the state) feather their nests, while in the second case buyers of "unknown credit ratings" (Milas) are given preferential treatment. Hence the justified suspicion that the ruling party is intentionally not letting go of the ownership monopoly while looking for another way for it to flow into its own pockets or to squander it on "cheering up" its supporters. In the end, this has turned privatization into a red flag that everyone would rather run from, so that the government announced the abolition of the Fund and the creation of a special ministry—even before anyone was found to lead it—while Valentic went so far as to say that he and his team are not involved in this story because other people were supposedly dealing with privatization (which constitutes shifting responsibility to the Fund, even though Deputy Prime Minister Skegro is the head of the Fund's Administrative Committee). However, this turned out to be a dance in a very narrow space, and at the door of the Assembly building Valentic almost literally clashed with 40 HDZ deputies who submitted an interpellation in which they say that they are "exceptionally sensitive to violations of the law, to forms of transformation and privatization through which a change in ownership relations has occurred in an illegal way."

Comradely Criticism

The 40 deputies seek "precise information" from the MUP [Ministry of Internal Affairs], the financial police, the Ministry of Justice, and the Fund itself, while "issuing the most serious warning" that the government and other state bodies must depict the state of affairs honestly and without coverups. This message will be better understood if at least some of the name of the signers are mentioned (V. Stanic, D. Pocrnic, M. Juric, E. Vukovarski, Dj. Perica, B. Buzancic, Dj. Vidmarovic, V. Vukojevic, L. Bebic, M. Zulic, K. Fucek, Z. Domljan, G. Turic, V. Seks, J. Pavelic, K. Sviben, Z. Busic, M. Kujundzic, B. Petrac...). As we see, this is a very motley composition, because it includes a sizable group of extreme rightwingers, but also plenty of moderates (and allegedly the occasional closet HND [Croatian Independent Democrats] member), and everyone wanted to be on the list even though 17 signatures were sufficient for the interpellation. That means that several factions in the HDZ wanted to show themselves to the public at the same time, even though at first glance it is clear that their motives are different, whereby some of them probably have a genuine desire to restore the party's "honorable reputation," while others are attempting to pressure the government (whereby it is not that important to them whether this is done on this or some other issue).

However, both groups agree that this is an "internal issue," which is why the opposition was not offered a chance this time to join the initiative, even though that has been done several times in recent weeks on other topics. That could be a matter of party tactics (do not invite outside guests to internal discussions), but there is no doubt that the interpellation is permeated by the typical conception of responsibility, whereby something happens in one circle and is then resolved in the same circle. In this case, some HDZ people were caught with their hands in the cookie jar of national wealth, because of which they were subjected to comradely criticism by the their colleagues and afterward there was nothing more—the curtain is lowered and the audience goes home.

Waste of Time

Thanks to this model of self-responsibility (which is being used by both sides in this dispute), the Fund for Privatization has thus far been very slow in dealing with its critics. Objections to privatization have been addressed to it (!), so that it is not surprising that it has rejected more than 43 percent of them, postponed another 34 percent, and accepted only 15.9 percent. In this way, even supervisory mechanisms have dovetailed with the mechanism protecting those in control, although they were greatly anticipated by the very fact that they have placed their own people on the enterprises' legal committees (allegedly the HDZ lacks a majority in only one enterprise). After that the Fund went so far as to prescribe specific criteria for the political and moral suitability of committee members, so that it was obvious that there is a desire to create a special stratum of "commissars" for privatization, whose power is made all the greater by the fact that no one officially knows the collective structure of the committees in the country. Even Dragutin Lesar, who was a member of the Fund until yesterday, tells us that he never saw such information, so that all that is left is the feeble hope that the HDZ has honestly taken its election results as the model for the composition of administrative committees. But such hope is dashed immediately when one sees the figures for Istria, where according to Ivan Herak the HDZ also has a majority in the administrative committees even though it is only in fourth place in popularity polls.

Herak is among those who believe that the last three and a half years of transformation have been a waste of time, but that given its slowness the greatest damage has yet to be inflicted. But such damage can be expected now that

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isolated purchases of Istrian hotels and other businesses have begun (people still remember the statements by HDZ top figures who are "seeing to it" in Istria that members of the ruling party gain access to property). Thus, here and elsewhere a process would be completed over a short period of time in which the lower strata (including small stockholders) would be completely pauperized, the middle stratum would disappear entirely, and all that would remain at the surface would be a thin film of the new rich, to a large part of the South-American type.

According to Herak, this would be detrimental not only because of the unjust distribution of national wealth, but perhaps even more so because without genuine transformation and pluralism of ownership, even political pluralism would provide nothing other than an empty shell—Croatia will remain just as socialist as it was until 1990. This untamed socialism is in fact Croatia's real face today, and that must be the explanation of the fact that nearly a billion German marks entered Croatia last year, but that capital avoided this "socialist realist" rigmarole and was entirely infused into newly founded enterprises that are not in the jaws of "privatization" (at the same time, even during the greatest drought of foreign loans Croatia has been offered an abundance of dubious money to be invested wherever transformation is still under way).

Empty Shell

From all these figures, which could be even worse if they were more complete, some conclude that transformation should be cancelled and "primitive capitalism" should be eradicated (HSS [Croatian Peasants Party]), but Herak and many others (Drazen Kalodjera, Jaksa Barbic...) are more inclined to revise it. Barbic contends that at least "the owner has been found" through transformation thus far, although he himself adds that in the end the state should not have more than 20 to 25 percent of ownership in its hands. That also means that the advocates of revision seek the breaking of new, deep ground in the transition, while at the same time noting that thus far not a single transformation (privatization) has been taken to court, and they doubt (Kalodjera) that this is even possible within "this political structure." Thus, for now the only prospect is for a possible split in the HDZ, which would happen anyway, and which would halt the accelerated mandarinization and enrichment of the ruling party, or more accurately, of a small stratum in and about it.

This is no doubt a far-reaching and in a particular sense historic process, because this sort of amalgamation of the ruling class and the class of owners did not exist even under the previous regime (the farthest the political elite would go at the time was to call it "counterclassist"). Thus, the comparisons go back decades and even centuries, and it is not strange that some sociologists are already speaking of the refeudalization of Croatia, although in time the comparison with occupying "reserve positions" in the event that power is lost could be increasingly topical (which was in fact introduced as a model in Mate Boban's transformation in the petroleum business).

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Final Seat Distribution in New Parliament Noted

AU1611103394 Skopje NOVA MAKEDONIJA in Macedonian 15 Nov 94 pp 1, 4

[Report by E. S.: "The Coalition of the Alliance With 95 Members of Parliament"]

[FBIS Translated Text] As has been announced, the constitutive session of the Assembly of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] will be held on 19 November, when the mandate of the new parliament will be verified. Nearly a month after the second multiparty elections, from which the two largest opposition parties abstained, and after the second electoral round and the repeated elections in some constituencies, we now know the names of 120 new members of parliament. The electoral race was contested by 38 political parties with 1,765 candidates, according to information from the State Electoral Commission. After the first round 10 members were elected to parliament. In the second round, in spite of the boycott by the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], the Democratic Party, and the MAAK [Movement for All-Macedonian Action], the electoral race was contested by 379 candidates from 16 political parties and two coalitions (the Alliance for Macedonia and the Democratic Party of Turks-Party of Democratic Action-Islamic Path).

What were the results of the second multiparty elections? The Alliance for Macedonia was the most successful. Out of 114 candidates, the Alliance for Macedonia succeeded in winning 95 deputy seats. As for the three parties that entered the coalition, the Social Democratic Alliance of Macedonia [SDSM] will have the largest group in parliament. Out of 60 candidates, the SDSM secured 58 deputy seats; out of 39 candidates, the Liberal Party secured 29 deputy seats, while the Socialist Party won eight places out of 11 candidates.

In the new parliament of the Republic of Macedonia, according to the results, in addition to the three parties in the Alliance for Macedonia, seven more parties won deputy seats, as did seven other independent candidates. The Party for Democratic Prosperity won 10 deputy seats out of 55 candidates. The People's Democratic Party had 42 candidates and won four places. The Democratic Party of Macedonia from Tetovo, the Social Democratic Party of Macedonia, the Party for Full Emancipation of Romanies, and the Coalition of the Democratic Party of Turks and the Party for Democratic Action-Islamic Path secured one deputy seat each.

Of the 283 independent candidates who stood for election, seven secured a place for the next four years. Four of them are registered as "independent candidates" although they are actually coming from Menduh Taci's group, who, by the way, did not secure a deputy seat himself.

After the whole electoral action to decide on 120 deputy seats, after all that happened between the first and the second electoral rounds, the Alliance for Macedonia secured a majority in parliament, and the SDSM missed securing a majority of 61 by three seats.

Serbs Question Census Count on Serb Population

LD1511154094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1240 GMT 15 Nov 94

[FBIS Translated Excerpt] Skopje, 15 Nov (TANJUG)—Serb leaders in Macedonia [The Former Yugoslav Republic of Macedonia, FYROM] told TANJUG in Skopje today, quoting figures from an independent census conducted by their national associations, that there are 250,000 Serbs living in FYROM.

Nebojsa Tomovic, president of the Association of Serbs and Montenegrins of Macedonia, says the census results announced yesterday indicated that the association was correct last summer when it warned that the authorities were planning to use the census to legitimize their considerably lower figures for the proportion of Serbs in the population of Macedonia.

According to the census conducted at the end of June, at the beginning of July there were allegedly only 39,200 Serbs, a mere 2 percent of the population, living in FYROM. [passage omitted]

Government Proposes Budget Adjustments

AU1511174094 Skopje MIC in English 15 Nov 94

[FBIS Transcribed Text] According to the proposal for changing and supplementing the budget, which was submitted by the Macedonian [The Former Yugoslav Republic of Macedonia] Government yesterday, the balance of the total revenue of 48,588 billion denars ($1.2 billion) is planned to be increased to 49,458 billion denars ($1.225 billion), which is a 1.8 percent increase.

The government assessed that in the planned readjustment the original revenue is estimated at 37,758 billion denars ($935 million), while the remaining 11.2 billion denars ($277.4 million) will be provided by encumbering the republic with debts abroad.

The government concluded that the 7 percent budget deficit of last year's GDP is dropping to 3.5 percent this year, with the aim of avoiding an accumulation of the domestic unsettled commitments and servicing the obligations of the republic which will be arriving from the World Bank before the end of this year.

The additional sources planned with this readjustment of 3 percent of the GDP will be intended exclusively for structural reforms in the Macedonian economy and for expanding the social insurance network.

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Assembly Adopts Resolution on Italian Relations

AU1511215594 Ljubljana Radio Slovenia Network in Slovene 1800 GMT 15 Nov 94

[FBIS Translated Excerpt] Following polemics and politically slanted debates during last week and today, State Assembly deputies passed a declaration on our country's relations with neighboring Italy and the European Union late this afternoon. In the continuation of the extraordinary session, they gave the go-ahead to the Law on the Slovene Post Office in summary procedure. The session ended a little more than an hour ago. Nadja Pengov and Dusan Tomazic have more details about today's State Assembly session:

[Begin recording] [Pengov] The most important stance is that none of the issues already resolved in the past by the mutual agreements that Italy revalidated in 1992 can be the subject of discussion. Thus, the Osimo and Rome Agreements remain valid.

For our country, there can be no negotiations due to altered historic circumstances, as Italian diplomacy is currently arguing. The government, which is entering into a new round of negotiations with Rome, has the duty of honoring this principle.

In its declaration, the Slovene parliament also reminded Italy of the injustices committed during the rule of fascism. The parliament does not wish to go back in history; however, it points out that, by constantly emphasizing the injustices committed against Slovenia, Italy could find itself in an unpleasant situation. What is also important is the status of minorities, particularly the Slovene minority in Italy.

Today, the State Assembly also received some additional conclusions for discussion. Deputies France Bucar and Franc Zagozen proposed to the chamber that, prior to the continuation of talks, the government should clearly define the subject of negotiations and obtain a State Assembly consensus on it. This proposal was also seconded by other deputies. Some deputies supported this proposal, others opposed it. Deputy Marjan Poljsak wondered whether Drnovsek [prime minister and acting foreign minister] would negotiate without the consensus of parliament. Deputy Peterle was of the opinion that these represented double standards and wondered who had decided on a new round of negotiations. State Secretary Ignac Golob expressed the conviction that such a conclusion would seriously threaten any negotiations with Italy, and that talks with Italy are necessary.

[Golob] We decided to scout the terrain for a new phase of talks in which we would see about the current feelings of the Italian side.

[Pengov] Zare Pregelj from the Slovene Peoples' Party stated as fact that the government was not trusted and that, for this reason, such a conclusion was necessary. Specifically, in Aquileia the government negotiated something for which it did not have a mandate. After a stormy debate, the conclusion was (?not) passed. [passage omitted] [end recording]

Peterle Defends Aquilea Declaration

95BA0024A Milan CORRIERE DELLA SERA in Italian 3 Nov 94 p 10

[Interview with Lojze Peterle, former foreign minister of Slovenia, by Riccardo Orizio in Ljubljana; date not given: "I Am Paying for Friendship With Italy"]

[Text] *In an interview, the resigning Slovene foreign minister defends the soundness of the accords with Rome. Peterle accuses: Slovenia is in the grip of nationalism.*

Ljubljana—"They have insulted me before public opinion by saying that I want to sell off Slovene territory to Italy. They have gone so far as to insinuate that I am an Italian secret agent and that I am playing Rome's game. They have had the Slovene press say that at the Aquilean summit I did not manage to obtain a single concession, while the opposite is true. These things are immoral. These things are disgusting. As a good Christian I honor the martyrs, but this is too much: Let Europe know that Slovenia is repudiating the man who was the first to support the cause of Slovenia when it was still difficult and dangerous to do so. At the moment of independence, it was I who went to Belgrade to pound my fist on the desks of the Yugoslav chief of the general staff and the chief of the Federal Government, shouting that our republic was in rebellion and would no longer provide troops to the Yugoslav Army. Since then, the international community has recognized in me the political leader of the new Slovenia. Those who today call me a spy, on the other hand, are former Communists, like President Kucan and Prime Minister Drnovsek, people from the old Yugoslav regime."

Lojze Peterle is furious. After months of growing isolation he has now broken with the Slovene Government, and in his office next to the Ljubljana parliament, a bare room with a photograph of the pope, he wants to finish with the past. He takes his calling card and draws a line on it with his pen, not over the national symbol of Slovenia, three Alpine peaks that resemble an advertisement for a ski resort, but over the four words that described his position: Minister za Zunanje Zadeve, Minister of Foreign Affairs. "Enough," he says, almost with rage, "it has been over for two hours."

[Orizio] In Aquilea, you signed a declaration of understanding with Italy. Subsequently, your government repudiated it. What is behind this?

[Peterle] I am very concerned about Slovenia. Things are going badly here. A closing off of Europe is beginning to prevail, encouraged by former Communists and nationalists. Prime Minister Drnovsek is moving ever closer to nationalist right positions. Ljubljana could become like Belgrade if it continues this way. And they attacked me because I am against international isolation.

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[Orizio] But what was your mandate in going to Aquilea?

[Peterle] Martino and I did not sign an international treaty but a simple declaration of intent, indispensable to unblock the situation. It was not the ideal agreement but only an acceptable compromise, which could be improved upon. To make progress, Martino and I spoke for eight hours, just the two of us, leaving aside our respective delegations. When we said good-bye, we said: Now we have to convince our respective governments. After consultations over further reciprocal concessions, which were not possible to obtain, the Italian Government said yes, and my government said no. Martino has always been constructive and open. The Slovene Government, on the other hand, espouses a demagogic view of bilateral relations. It wants to make the Slovenes believe that Italy is still the Fascist Italy of 45 years ago, ready to attack us. This was also the old theory of Yugoslav Communism, which reiterated: The enemy will come from the north and from the west. Unfortunately, the men in power are the same ones as before.

[Orizio] And the accusations of working for Italy?

[Peterle] They are ridiculous. I have only a few friends in Italy. I often come to Milan to meet Formigoni, one of the first to show sympathy for Slovenia. I also see the founder of CL [Communion and Liberation], Don Giussani, and the people from the Popular Movement. I am well acquainted with the executives of the Jaca Book publishing house. That is all. Actually, I am the most Slovene of Ljubljana politicians.

[Orizio] If there is this basic disagreement, why did they repudiate the declaration a posteriori, that is, afterward and not before the signing at Aquilea?

[Peterle] It is a question of internal politics. They wanted to destroy my credibility with public opinion, having in mind the December administrative elections. So they sent me ahead so that they could shoot me in the back.

[Orizio] What will Drnovsek do now?

[Peterle] In a few weeks he will begin to negotiate again with Italy. He will not be able to obtain more than I could, because I got as much as was possible. If he is able to obtain more and pay less, I will be the first to congratulate him. But Drnovsek will make a few unimportant changes to the Aquilea declaration—something I also was ready to negotiate—and he will pass it off as a great improvement. Then he will approach the elections saying: Without me the Italo-Slovene question would not have been resolved, reward me and throw out that traitor Peterle. As I said, this is only garbage.

[Box, p 10]

The Strong Man Is Now Drnovsek, the Prime Minister Said To Be Tough

Ljubljana—Out goes Lojze Peterle, the foreign minister who wanted to negotiate a compromise with Italy. Remaining—and he is now the strong man of Ljubljana—is Janez Drnovsek, the economist and prime minister who promises "not to give up a millimeter" on the matter of relations with Italy, and who now, as acting chief of foreign affairs, will negotiate directly with Rome. Peterle, the former prime minister, then foreign minister, leaves defeated. Yesterday, the Executive Committee of the Slovene Christian Democratic (SKD) had to decide whether to leave the three-party coalition government that rules Slovenia, out of solidarity with its chief and founder. Peterle had threatened to withdraw the Christian Democratic component from all four ministries assigned to the SKD (Interior and Police, Agriculture, and Transport, in addition to Foreign Affairs), leaving in the government only the Liberal Democrats of Prime Minister Drnovsek and the Social Democrats (former Communists). But after a morning of heated argument, the Executive Committee of the SKD decided on a soft line that sounded almost like a disavowal of their leader, Peterle: The party's Council will decide in a couple of weeks whether to leave the government.

Arhar, Avramovic Agree To Inventory Assets

AU1411190994 Ljubljana Radio Slovenia Network in Slovene 1800 GMT 11 Oct 94

[FBIS Translated Text] France Arhar, governor of the National Bank of Slovenia, returned this afternoon from Budapest, where he attended celebrations marking the 70th anniversary of the Hungarian National Bank. As is already known, accompanied by the Belgian and Swiss governors, he also held talks with Dragoslav Avramovic, governor of the National Bank of the Serbo-Montenegrin Federation on that occasion. At Brnik airport, Dr. Arhar commented on the meeting as follows:

[Begin Arhar recording] As I said yesterday, this was essentially an exchange of opinions about open issues connected to the former Yugoslavia in the financial sphere. On one hand, there are former foreign currency reserves of the National Bank of Yugoslavia abroad and old Yugoslav foreign currency deposits. On the other hand, there is the membership of the National Bank of Yugoslavia in the Bank for International Accounting in Basel, and debts to commercial banks, which, as is known, pose a great problem for the entire Yugoslavia. In addition, there is a high balance remaining on the clearing account, whose owner on the outside is actually the National Bank of Yugoslavia, while on the inside there are open issues regarding and demands on various subjects from the former Yugoslavia.

Governor Avramovic also presented a plan for the new Yugoslav dinar, to be undertaken by Belgrade in the monetary sphere. He, of course, emphasized that he could not be interested in old issues, bearing in mind their dire situation. However, he is aware that all these

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issues would need to be resolved if the new Yugoslavia,as well as other countries, were to enter the international capital market and the money market untarnished.

We agreed to prepare an inventory and the relevant documents possessed by both sides regarding these issues. The Belgian governor offered his good services, namely, that a copy of the inventory be forwarded to the Belgian Central Bank. He is also willing to organize a new working meeting between both central banks.

Further, after discussion, we concluded that these are issues that require prior discussion by expert finance circles. Once facts are clear, they can be brought to the attention of politicians of the new countries on the former Yugoslav territory. [end recording]

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Federal

Danish Action on Serb Refugees Violates Law

LD1511140594 Belgrade TANJUG in English 1252 GMT 15 Nov 94

["Pool" item by Boris Delic]

[FBIS Transcribed Text] Belgrade, Nov. 15 (TANJUG)—Denmark is, to all appearances, going to expel Serb refugees from Croatia.

If this happens, Denmark would be violating international legal documents and ignoring warnings from international human rights organizations. According to Serb refugees, mainly from Slavonija and the area of the Croatian town of Karlovac, Denmark threatened to return them to Zagreb airport by force if they refused to leave by themselves.

The Danish Directorate for Foreigners and the refugee committee explained their decision to deny asylum to a group of about 120 Serbs and used Croatia's arguments that Serbs in Croatia were not persecuted. Several Serb families have even received an order to report to the Sandholm distribution center within 24 hours for repatriation to Croatia.

Serbs have in vain been submitting documents to illustrate Croatia's persecutions of the Serbs and figures about thousands of Serb houses destroyed in Croatia. They have in vain been quoting international organizations' reports, prominent figures' stands and special UN human rights rapporteur Tadeusz Mazowiecki as saying the Serbs in Croatia ran the risk of being persecuted.

Article 33 of the Convention on Refugee Status, also signed by Denmark, said no signatory shall expel or repatriate by force a refugee to the border of a territory where his or her life or freedom would be threatened because of his or her race, religion, citizenship, affiliation to a social group or political beliefs.

Denmark treats Serbs as political refugees and those from other parts of the former Yugoslavia as war refugees.

The program for integration of refugees into Danish society failed to include the Serbs, whereas the Muslims and Croats may attend the courses and schools, live in apartments and obtain jobs.

According to a U.N. secretary-general report, about 14,000 Serbs had been killed during Croatia's war of secession from the former Yugoslavia, about 250,000 more had been expelled and about 12,500 Serb houses, many of them outside the war zone, had been blown up.

The remaining Serbs in Croatia were denied all civil rights—the right to citizenship, property, employment, religion, and culture.

Belgrade To Deny Entry to 'Bogus Asylum Seekers'

LD1511205294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1401 GMT 15 Nov 94

[FBIS Translated Excerpt] Belgrade, 15 Nov (TANJUG)—The Federal Transport Ministry will not be issuing flight clearances to foreign carriers suspected of transporting bogus asylum seekers, TANJUG's and Radio Yugoslavia's reporters were told at the Federal Information Secretariat today.

The Federal Government has set conditions and instructed the relevant authorities in response to the latest attempts to use the lifting of the embargo on air and maritime transport for a mass expulsion of bogus asylum-seekers from West Europe to Yugoslavia.

According to the conclusions on the entry of such individuals into Yugoslavia adopted by the government recently, entry will be denied to individuals who are "in the process of requesting asylum in their countries of temporary residence, and who are not in possession of a certificate of their passport's authenticity, or are not in possession of a passport issued by Yugoslav diplomatic and consular missions."

Entry into Yugoslavia will also be denied to those carrying passports with serial numbers of the secessionist republics of the former Socialist Federal Republic of Yugoslavia. Furthermore, entry will also be denied to Yugoslav passport holders who have an address outside the territory of the Federal Republic of Yugoslavia in their passports.

Entry will also be denied to persons carrying Croatian passports and passports issued by the so-called Bosnia-Herzegovina. [passage omitted]

According to the Federal Information Secretariat, some 200,000 bogus asylum-seekers from Yugoslavia are currently residing in Western Europe. [passage omitted]

Further on 15 Nov Car Bomb Explosion in Belgrade

LD1511142894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1236 GMT 15 Nov 94

[FBIS Translated Text] Belgrade, 15 Nov (TANJUG)—A "kasikara" bomb went off at 0955 GMT today at 9 Knez Milos Street, in front of the Engineers and Technicians' Club in the center of Belgrade, seriously wounding Rade Medjed (32) from Belgrade and slightly wounding two other people. The bomb exploded in a Land Rover with Swiss license plates which was completely destroyed. The car's owner is the wounded Medjed.

According to eyewitness Marjan Miljkovic, a retired member of the Ministry of Internal Affairs, who was only 20 meters from the incident, a young man ran out of the jeep and entered the Club premises. Medjed stayed in

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the car and a few seconds later there was an explosion. Medjed was taken to the emergency center where he was immediately operated on. According to the deputy director of the emergency centre, Rade Vasilic, his condition is unstable.

Police Officer Radisav Jokovic and a passer-by, Mile Ciric from Kladovo, were slightly wounded in the explosion. Six cars parked in the vicinity were damaged and almost all windows in the building were shattered.

Mayor Nebojsa Covic and city president Zoran Milosevic went to the scene of the incident.

Belgrade police are intensively investigating the incident.

Outgoing UNPROFOR Official Interviewed

95BA0027A Zagreb DANAS in Serbo-Croatian 1 Nov 94 pp 8-11

[Interview with Sergio Vieira de Mello, director for civil affairs of the UN Protection Forces, by Milan Jelovac in Zagreb on 28 October: "I Know Just as Much About the Plan for Croatia as GLOBUS Does"]

[FBIS Translated Text] Mr. Sergio Vieira de Mello has for the last 13 months performed the demanding and, in the eyes of the broadest public, exceedingly responsible post of UNPROFOR [UN Protection Forces] director for civil affairs. Just before his term came to an end, this Brazilian diplomat, who has been involved for some 20 years now in numerous peacekeeping operations of the United Nations all over the world, is leaving, as he says, "with a bitter taste in my mouth."

The man who was the first to enter occupied Gorazde, a diplomat who in the true sense of the word knows quite well what Bosnian mud really means, spoke in this interview, which was his farewell to the Croatian public, about the UN operation and the very essential problems related to the mandate of the UNPROFOR in Croatia and Bosnia-Herzegovina.

[Jelovac] Negotiations have been held at UN headquarters at Pleso Airport in Zagreb between representatives of the Croatian Government and the secessionist Serbs. You attended that meeting, what is your view of the course and conclusions of that round of talks?

[De Mello] I spent that entire day in Sarajevo. On what basis do you conclude that I attended those negotiations?

[Jelovac] The Croatian daily press reported that you were present. SLOBODNA DALMACIJA, for example.

[De Mello] So, you see, even the press can be wrong. I spent Thursday at the Sarajevo airport, in a meeting with Messrs. Koljevic and Muratovic. We were discussing Igman, the road across the airport, the safety of the roads crossing Igman, and exchange of prisoners.

[Jelovac] Fine, that being the case, did you reach an agreement, were there specific results?

[De Mello] We rarely reach agreements in these brief meetings; it is simply a lengthy process. We agreed on a new meeting, for Saturday or Sunday, in hopes that by that time the Bosnian Army will withdraw from the demilitarized zone of Igman and that certain problems will be solved that have been waiting for a resolution ever since the agreement was signed on 1 October of this year. We hope that we will be able to sign an agreement on safety of the Hrasnica-Igman road, which is of particular importance to the Bosnian Government. A similar agreement is supposed to be signed for the route Vogosca-Semizovac-Pale, which is in turn important to the Serbian side. The other agreement we would like to reach is the one about reopening the road between Butmir, Ilidza, and Lukavica, which has been closed since 26 July. And another important thing, we are trying to contribute to the signing of an agreement on less strict requirements for crossing the bridge to Grbavica, which is under Serbian control.

[Jelovac] Let us come back from Bosnia-Herzegovina to Croatia. Although you did not attend yesterday's meeting, you still are probably aware of how the negotiations went at the Zagreb airport.

[De Mello] Very little, because, as you know, I just came back from Sarajevo.

[Jelovac] But you were probably involved in preparing that meeting.

[De Mello] No, I really was not, and, you know, the UNPROFOR is not involved in those negotiations at all. You might certainly ask why.

[Jelovac] Then I will.

[De Mello] Because the organizer of that meeting is the International Conference on the Former Yugoslavia and the Z-4 Contact Group.

[Jelovac] Fine, but the meeting was organized in the headquarters of the UNPROFOR, and the delegation from Knin arrived in a helicopter belonging to your forces. For that matter, you are director for civil affairs of the defense forces and you are probably familiar with the political situation in Knin. That is why I would like to know what Knin's present negotiating positions are. Are the Croatian Serbs continuing to insist on independence and the attributes of a state for the self-proclaimed creation?

[De Mello] I have not talked with them recently, and when we meet, I skirt those topics, because I believe them to be particularly hazardous. You are aware that responsibility for political negotiations is being directly assumed by the Conference on the Former Yugoslavia. It may seem strange to you, but that is the real state of affairs.... Nevertheless, as far as economic matters are concerned, that is a topic we have discussed in the past many times. It seems to me that the Serbian side has a real and important interest in achieving certain agreement on priority issues. As you know, these are the issues

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of electricity, water supply, the oil pipeline, and opening the limited-access highway. That is probably the subject of yesterday's negotiations. I have also noted that they have been more flexible recently. But as far as the pilot projects are concerned, you probably know that we have been in a charmed circle for a long time, because the villages accepted by the Croatian side were unacceptable to the Serbian side, and vice versa.

The way it seems to me now, the Serbs are today much more flexible concerning the pilot projects and return of the refugees than they were a few weeks ago. That is precisely why we profoundly hope that some of the displaced persons will soon be able to return to their homes. It seems to me, then, that there is greater openness on the side of Knin, that in the future more things will be happening and they will be more constructive.

[Jelovac] However, Milan Babic did not come to the recent negotiations, stating as his reason his dissatisfaction with the preparation of the meeting. He even charged the UN Protection Forces in that regard.

[De Mello] I cannot comment on that, because we did not organize that meeting.

[Jelovac] Quite a bit is being said in the broadest Croatian public about the Contact Group for Croatia, referred to as the Z-4, and about the drafting of a new global plan for Croatia. The media have been publishing various details, which, judging by the public reactions, are quite unfavorable for Croatia. It is said that the plan is already finished. Do you know anything about that?

[De Mello] You see, I am not one of the four. I simply cannot comment for you on things about which I know nothing. You probably will not believe it, but I know just as much about it as GLOBUS does.

[Jelovac] That is certainly another question. Can you comment with a confirmation or denial on what GLOBUS recently wrote to the effect that the UNPROFOR has allegedly "already drawn up a 40-page plan of operations for carrying out the Z-4 peace agreement"? Certain "new maps of Croatia" are also being mentioned.

[De Mello] That the UNPROFOR what...?

[Jelovac] That the UNPROFOR has drawn up a 40-page plan of operations for carrying out the Z-4 peace agreement. That is, that the UNPROFOR is familiar with the plan of the Z-4 Contact Group, that it has already prepared a study, a plan of operations for implementing it. Can you comment on that, confirm it or deny it?

[De Mello] Nonsense! That is nonsense! I have nothing to add to that. That is nonsense!

[Jelovac] Nevertheless, how do you see the solution of the Croatian crisis? Do you sense that it will be based on the direction taken by the work of the Z-4, granting greater autonomy to the Serbs, a "state within a state," or, on the other hand, on a peaceful reintegration based on the Constitution of the Republic of Croatia?

[De Mello] I will not comment on the Z-4 plan, but allow me to say this: UN Security Council Resolution 947 quite clearly requires a resolution of the Croatian crisis, and that is an obvious interest of the Contact Group. Let us add to that creation of the Z-4 and the meeting at Pleso airport. In addition, of course, my impressions that I shared with you about the process of Knin's opening up. This gives me a feeling that we are perhaps finally getting out of the bind, off the dead center that followed signing of the cease-fire agreement. In other words, certain things have been happening, ideas are being circulated, good or bad.... There is debate and discussion of this, the opposing sides are meeting again, I have been constantly saying that they ought to meet every day.... All of this is encouraging, but how long the discussions and debates will take, first at the economic level and later at the political level, to produce some results, I cannot really predict. The UNPROFOR will be doing everything it can to speed up that process. But please understand that the UNPROFOR is not a member of the Contact Group nor of the Z-4.

[Jelovac] You are soon leaving the position of UNPROFOR director for civil affairs and going to Geneva, to the Office of the UN High Commissioner for Refugees. At your farewell reception hosted by Mr. Granic, Croatian deputy prime minister, you said that "you still have a bitter taste in your mouth." You said that you are "dissatisfied for not having done what you thought." Why?

[De Mello] As for the bitter taste in my mouth, I was referring to Bosnia-Herzegovina. The results over these 13 months that I have witnessed, to which I have made a modest contribution, one must admit, are small. And when this is compared to the energy invested both by the UNPROFOR and by me personally, the results shrink even more. And if, finally, you compare this to the expectations and sufferings of the civilian population. That is why I have that bitter taste in my mouth. That is why I regret that I am not staying longer so that I could witness the speeding up of the peace process in Croatia and in Bosnia.

[Jelovac] Leaving is usually a time for summing up results. Successes and failures. What are you really proud of, and what have you been really dissatisfied with during your time in Croatia?

[De Mello] First, I wanted my days here to be 48 hours long so that I would have 24 hours in Bosnia-Herzegovina and 24 in Croatia, because both states require full-time attention and devotion. I am proud of the role played by the Office for Civilian Affairs of the UNPROFOR, and thereby also the Office of the UN Civilian Police, which played an important role in implementing the cease-fire agreement, especially in the zone where the forces were separated. I am also proud of many personal and individual cases that were resolved;

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we do not make them public, because that is dangerous, it is dangerous for those people's destinies.

I am passionately dissatisfied and unhappy because of the lack of progress on the main issues to resolve the crisis in this region, for which Croatian public opinion, and also the politicians, considers the UNPROFOR responsible. I repeat, the Contact Group and the Z-4 are those who are working on this, and it is not fair to attribute the blame for the failure to work out basic political problems or the lack of progress to the UNPROFOR. I have been explaining this ever since I arrived here, but it seems that ordinary people have very great difficulty understanding it. We are forces for preserving the peace and political solutions, not for imposing them.

[Jelovac] Do you think that your successor will have more luck and that in 80 days Butrus-Ghali will send to the Security Council a more favorable report on implementation of the UN resolutions?

[De Mello] That is not a question of luck, perhaps of satisfaction.... I wish him that, him or her—that is not a question of luck, but of reintegration of the peacekeeping role of the UNPROFOR and political negotiations. I nevertheless assume that the pace of resolution of the crisis is rising; perhaps in a month my successor will have more information.

[Jelovac] The recent successes of the Bosnian Army suggest escalation of military operations in Bosnia and Herzegovina. The Serbs are rejecting the peace plan of the Contact Group, and it is very likely that they will not accept it in the future either. Tension is rising with each passing day between the Serbian forces and the UNPROFOR. What will the UNPROFOR do when it is completely blocked in certain Bosnian enclaves, without logistics or fuel?

[De Mello] To answer the first question, whether there are tensions between the United Nations and the Serbian forces, the answer is affirmative. But tensions are not rising only between the UN forces and the Serbs, but also between the UNPROFOR and the Army of Bosnia and Herzegovina, not only on Igman, but also in other areas. The Bosnian Government has also been rather critical of the UNPROFOR, especially on account of the use of NATO air power. But more important than what you mention is the fact of growing military tensions between the belligerents. Yesterday, a Sarajevo journalist put a very similar question to me. But the answer lies in UN Security Council Resolution 913, which calls upon Mr. Akashi and the UNPROFOR to seek achievement of a general cessation of hostilities, certainly through negotiations, and that was immediately following the Gorazde crisis. You recall that we made a desperate attempt to achieve a cease-fire in negotiations held back in June. Then came the summer negotiations and the Contact Group peace plan, actually the maps. We should be precise. All of you in Zagreb, Sarajevo, and Belgrade, when you talk about this, talk about the plan, not about the maps. After all, you see, the peace plan contains maps which have been presented to all sides on a principle of take it or leave it. The Bosnian Government and Croats have accepted them, the Serbs have not. And so today, on 28 October, with winter knocking at the door, there is no peace, there are intensified conflicts in the field. Once again the UNPROFOR is facing challenges from both sides, and it does not seem that they are interested in our role as a stabilizer of the status quo. We have been working under very difficult conditions, but still we all expect a great deal from the UNPROFOR and the UN High Commissioner for Refugees in the continuation of their tasks, in their military presence, and in the supply of humanitarian aid to the civilian population.

Will you tell me how? I am very concerned because of the situation that prevails at this moment in the field in Bosnia and Herzegovina. After a year, we are coming back to the same old problem with which we are familiar in Croatia. Unless it is integrated, our peacekeeping role, that is, with the finding of a political solution, is less "in the air." Actually, we remain on the ground, but in a very complicated environment.

When you ask me how we will get along because of the restrictions, the limited movement, and small stocks of fuel, I tell you that we can solve the situation in Sarajevo. Of course, I will not tell you how even unofficially. It obviously is an ideal solution if the Serbs let our convoy pass, and, as far as we are concerned, to reopen the highway between Butmir and Dobrinja. But the situation is much more difficult in Srebrenica, Zepa, and Gorazde. If we have no other way to advance humanitarian aid to the civilian population during the winter, we will drop it from the air. But how can we also drop supplies and fuel for the UNPROFOR from the air? And the fuel is the essential problem. The Serbs in Bosnia are convinced that the UNPROFOR is supplying the Army of Bosnia and Herzegovina with fuel, and also the military industry, in Gorazde, for example. We are unceasingly assuring them that this is not true, and we will continue to go on talking to them.

[Jelovac] Will the UNPROFOR consent to the NATO initiative for air strikes against several targets? How will the UN forces behave in that case, will they withdraw, or, on the other hand, will they move against a Serbian reprisal? What would happen in the case of a possible removal of the arms embargo from the Bosnian Government?

[De Mello] Those are two altogether different questions, are they not? NATO and the United Nations in Bosnia have been cooperating and working together since last August. The question you put is only one of the details of joint cooperation, to which the media, I am convinced, have given exaggerated importance. I cannot go into the details, but multiple targets are not anything new.

Another question is much more serious. The UN secretary general has told the nations quite clearly, that is, the states which advocate lifting the embargo, that those

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moves could feed the fire precisely where the UNPROFOR is deployed in order to put out the fire. That idea is perhaps legitimate, but without any doubt there would be an escalation of the war in the field where the UN forces are mainly equipped with light weapons. That would probably be followed by a decision for regrouping of the UNPROFOR and withdrawal of the protection forces if the fighting escalated.

[Jelovac] To what extent are the UN units loyal to their national armies and to what extent to the United Nations? Is there a syndrome of divided loyalty? The opinion prevails in the Croatian public, for example, that Sir Michael Rose is acting on behalf of his own government and its interests in the Balkans, not on behalf of the UNPROFOR mission.

[De Mello] I know Michael Rose perhaps better than anyone in the UNPROFOR. I saw him yesterday, this morning, I will see him again this evening. Those who believe that do not know Michael Rose. Michael Rose is conducting the policy for the objectives of the United Nations that was defined by resolutions of the UN Security Council, the secretary general, and his representative Mr. Akashi. Speaking informally, I can tell you that his government often does not agree with him, which is the best indication that he does not represent the interests of Great Britain in Bosnia and Herzegovina.

[Jelovac] Now that we are talking about the UN generals, could you confirm the reports, which you might have read in the newspapers, about replacement of the commander of Sector East of the UNPA [UN protected areas], the Russian general who supposedly has been involved in smuggling and cooperation with the Serbian forces?

[De Mello] I do not want to comment on rumors. You say that the media have published this. Yes, those are the same media which published the report that I attended the negotiations at Pleso Airport.

In a recent statement in a round-table discussion over Croatian TV, just before the meeting of the General Assembly, I said that the UNPROFOR has taken very seriously all the allegations and charges, this concerns all sectors, not just Sector East. The UN inspector general has begun an investigation, and it is being conducted by the civilian police of the UNPROFOR. Reports have been filed, and New York will decide what to do next, and it will be making the announcement. One thing is certain, General De Lapresle and Mr. Akashi will spare no efforts to shed light on what concerns the reputation of the UNPROFOR. I give them full support.

[Jelovac] And a last question in conclusion. Exactly what is happening in the broad area around Bihac? The scant and frequently contradictory reports coming from that region mainly originate with the Army of Bosnia and Herzegovina, that is, they do not come from independent sources. How important is the progress of the Army of Bosnia and Herzegovina?

[De Mello] The only report which I have at this point (on Friday, 28 October 1994, author's note), which I saw on Thursday evening on a map in the UNPROFOR General Staff in Sarajevo, confirms that the 5th Corps has taken Grabez Plateau. If you have been following the movement of the Army of Bosnia and Herzegovina and the Bosnian Serbs in the area of Bihac, on Grabez Plateau, then you certainly know that there have frequently been attacks by both sides there, withdrawals and counterattacks. It is for that reason that it would not surprise me if the other side undertook a counteroffensive, because the situation there is unstable.

This time, the 5th Corps has taken more territory than in previous attempts, they took a Serbian garrison, and they have penetrated depthwise quite a bit.

Bank Governor 'Anxious' About Exchange Rate

AU1511204994 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 15 Nov 94

[Report by Svetlana Petkovic]

[FBIS Translated Text] The biggest enemy of the economic recovery program is unfounded panic among a segment of the public, which is based on expectations of inflation, National Bank Governor Dragoslav Avramovic said at a meeting of the Association of Banks. The reasons for the disturbance of the mechanism of supply and demand on the money market are complex, and the scope of measures aimed at the dinar's stabilization will soon be reexamined, especially some of its individual aspects.

[Begin Avramovic recording] We have been struggling with this interest rate for quite some time. You know, we have called almost an emergency meeting of the council for 17 November to discuss this issue, because we are anxious, you are anxious, and the public is anxious. [end recording]

Old foreign currency deposits, banks' cash flows, and measures to improve the financial system were again on the agenda of the meeting of the Association of Banks.

According to data presented by Association Secretary General Milovan Milutinovic, a third of the banks ended the first six months with losses amounting to approximately 155 million dinars. The situation has not improved since either.

An unavoidable topic in the debate about the rehabilitation of banks was also the issue of old foreign currency deposits. Since the majority of banks are not even capable of servicing 20 percent of the debt, the association proposed that the entire obligation toward the citizens be undertaken by the state. This would be sufficient for banks to carry out their own rehabilitation and would, therefore, mean the rehabilitation of banks and a solution to the problem of the old deposits all at once.

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At the meeting, it was also stated that the Association is ending its study of the reforms in the Payment Operations Service that proposes the transfer of such operations to banks. The entire project is expected to be completed by the end of March 1995.

Private Foreign Firms Offer Credit to Bank

LD1511145294 Belgrade TANJUG in English 1304 GMT 15 Nov 94

[FBIS Transcribed Text] Belgrade, Nov. 15 (TANJUG)—The National Bank of Yugoslavia has already received the first concrete offers by foreign private firms for financing economic and infrastructure projects in Yugoslavia.

The first offer came from one private West European firm, offering to finance the construction of waterworks on the Adriatic coast amounting to 100 million dollars. The credit is being offered for a period of ten or twenty years, according to the wish of the Yugoslav authorities. As the bank sources said, it was only one of the many credit offers from private foreign firms, and the total amount of the offer exceeded one billion dollars.

The Bank Deputy Governor Zarko Trbojevic said earlier that private foreign investors had already offered one billion dollars in credits to Yugoslavia. He specified that the credits had been offered directly to the bank for a period of 5 to 25 years. Trborevic said the offers were under consideration, and the priority in their use would be given to the realization of the program of economic recovery of Yugoslavia.

The program, launched on January 24 this year, has over ten months created elementary conditions for business operations and reduced inflation, which in December 1993 amounted to as much as 300 million percent, almost to zero,

Yugoslav economic experts estimate that the interest of foreign capital for investment in Yugoslavia came as a direct consequence of the results of the program which caused the industrial production in October to rise by 30 percent as against October 1993.

The program was launched in the conditions of a total economic embargo against Yugoslavia which caused at least 45 billion dollars in losses to its economy.

Economics Institute Presents New Plan

AU1511195994 Belgrade BORBA in Serbo-Croatian 4 Nov 94 p 10

[Article by Bojana Jeger: "Selecting Objectives: A Stable Dinar or Greater Production"]

[FBIS Translated Text] Recent events in our economy are promptly warning us that the economic policy in 1995 will have to choose between the possible priority objectives of preserving a stable dinar exchange rate and stable prices, or increasing production and bolstering business activity, since these two cannot be accomplished simultaneously. Proceeding from this conclusion, the Institute of Economic Sciences has presented the framework of the economic policy for next year. This policy will be elaborated as an alternative concept and prepared for economists' regular consultations on this topic in December.

The working assumption for this model is that the sanctions will remain in effect for the better part of 1995, but that the suspension of some sanctions due to expire in 90 days (in mid-January) will be extended. It is also assumed that the talks on further easing of sanctions will begin at least, and that this could result in the easing of sanctions at the beginning of the second quarter, when Resolution 820 might be lifted altogether. This means that for most of next year the blockade on our financial assets abroad will still be in force, however we will not be paying off our debts or interest accrued. In this way the financial deficit, which should be covered with foreign exchange reserves and the heretofore undetermined foreign currency earnings, would only appear in the goods and service trade sector.

The concept proceeds from the assumption that next year must be spent bringing the country to a non-loss-making position. This means that industrial production at the end of 1995 should reach the level that existed in June 1992. In doing so, one should dispel illusions on starting a big investment cycle as early as next year. Fixed investments would be increased only to the level that corresponds to the increases in aggregate business activity, the program of the Institute of Economic Sciences states.

Economic policy should in fact solve two burning issues: The lack of working capital and the problem of external liquidity for covering the current deficit of goods and services. The problem of working capital would be solved with the combination of more comprehensive fiscal adjustments and something that at first sight sounds like alarming advice, an expansionary monetary policy. However, the "anchor" is also present. This policy would have strictly controlled monetary aims, all of which should be strictly pursued.

Fiscal adjustments assume that bringing the volume of public expenditures strictly within the 35 percent mark of gross domestic product [drustveni proizvod—GDP], with about 2 to 3 percent deficit financing of the budget, not, of course, through direct financing of state expenses, but through the money and stock markets. This policy assumes firm budgetary restrictions and significant redistribution of public expenditure, where a social program would also be given the role of taking care of the surplus of 300,000-400,000 workers. If the GDP continues to rise, the cuts in some spheres would not mean an absolute reduction in expenditures. However, cuts in personal taxation are unavoidable, and the salaries should not be subject to more than a 40 percent tax. This would annually generate at least 2.5 billion dinars. The

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direct costs of the economy would be reduced by an equal amount, which would in turn release funds for investing in production, the proposal states.

Parallel to this, the aforementioned monetary expansion should also start a process of an accelerated production, and stimulate the economy itself to invest in working capital in order to rid itself of the full dependence on loans. According to this model, about 20 percent of the GDP could be used as investments in the working capital. The difficulties lie in the allocation of these funds, which is also confirmed by the current method of selective loans, whereby a fairly large amount of money was spent on the enterprises that are unable to increase production. In other words, the money was spent on consumption. The stumbling block is the current situation in the banking system, since the banks would probably lend these funds to their chief commitments and founders. "What could be done at present is to activate the institution of receivership, in the case of enterprises and banks that cannot meet their creditors," the predictions of the Institute of Economic Sciences explicitly suggest.

In order to raise the level of business activity in the industry for about 45 percent by the end of 1995, a deficit in trade of goods and services with the rest of the world will be unavoidable throughout next year. There is also a question of how this deficit would be covered. Therefore, this model proposes a fluctuating exchange rate of the dinar. This would not induce inflationary expectations as much as would fluctuating losses in the value of the dinar through occasional devaluations.

"The fluctuating exchange rate of the dinar does not only imply upward changes in the value of other currencies. Downward fluctuations are also possible at some stages. The rate of exchange will depend on the demand and supply on the foreign exchange market. Demand and supply could also occasionally be used to some extent for monetary regulations."

This model does include several risks and the authors of the model were honest enough to mention them. The proposed method of boosting economic growth also assumes a certain rise in prices. These prices would inevitably assume the difference between current actual and official exchange rates. Nevertheless, "aggregate rise in prices in 1995 could be kept well within two digit figures, but only with a consistent economic policy. There would be a risk of strict monetary control and firm budgetary restrictions not being adhered to and of prices again running out of control and turning into hyperinflation." The second risk revolves around the validity of the assumption on sanctions. The continued presence of sanctions would result in the depletion of foreign exchange reserves and lead to an even more difficult situation. Risk number three is the situation in the banking system. Because of this situation, excessive loans could bypass production—which could quickly be enabled to create working capital itself—and again end up in consumption. The risks are obviously not small and stem from current defects in the economic system, which is why the Institute for Economic Sciences has proposed this alternative economic policy for next year.

[Box, p 10]

Stable or Healthy Dinar

If the economic policy next year is concentrated primarily on protecting the stability of prices, there would be only two choices. The first is to defend the current fixed exchange rate of the dinar—an alternative that should probably be rejected, say the experts from the Institute for Economic Sciences, because a return to official parity from the parity set by the economy necessitates an additional retraction of money, which could in turn have disastrous consequences for business activity. Some economists advocate a once-and-for-all devaluation, which would then be followed by a restrictive monetary policy. This would prevent any significant increases in business activity and would in fact amount to waiting for the sanctions to be lifted and solving the problem of a lack of capital through the balance of payments. Monetary stability would in fact not be an important precondition for future successful negotiations with the IMF. The shortcoming of this approach lies in the fact that this would mean a further breakdown of fixed capital in the economy next year. Offering its alternative concept, this team has proceeded from the assumption that a stable currency does not necessarily have to mean a healthy currency, and vice versa. An example of this is the ruble.

Serbia

SPO Supports Milosevic Policy on Peace, Kosovo

AU1511195894 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 15 Nov 94

[Report by Ikonija Vostinic]

[FBIS Translated Text] The peace process, which consists of many factors, must be continued and must not be threatened by anything, Milan Komnenic, president of the Executive Council of the Serbian Renewal Movement [SPO], said at a news conference. He pointed out to correspondents that the policy pursued by Slobodan Milosevic regarding the peace negotiations should be hailed.

There are few parties, Komnenic added, that took a principled stance toward everything that has been happening to the Serbian people. The SPO refrains from any major comments, Komenic said, but believes that the European partners have reacted relatively sharply to Clinton's decision to lift the arms embargo.

At this moment, a move by President Slobodan Milosevic regarding the dialogue with the Albanian minority in Kosovo and Metohija is politically consistent, because, Komnenic emphasized, any aspiration to

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secession—to which the Albanian minority has no political, ethnic, or historic right—is intolerable.

Komnenic assessed the last session of the FRY Assembly as good because the Assembly passed laws that can only aid the negotiation process.

Finally, at the end of the news conference, Milan Komnenic, president of the SPO Executive Council, rather unusually, acknowledged that the Serbian Television has reported objectively on SPO news conferences recently.

GSS: Karadzic Replaces Commanders, Advisers

AU1411171994 Belgrade BORBA in Serbo-Croatian 11 Nov 94 p 4

["I.K."-initialed report: "Zametica, Many Officers Replaced"]

[FBIS Translated Text] Belgrade—"There are currently some 20,000 refugees on the Bosnia-Herzegovina territory held by the Serbs. Many of the older ones, who have been forcefully mobilized, are now dead. Many army commanders and Karadzic's advisers have been replaced around Bihac and Kupres. Jovan Zametica is among those replaced." BORBA was told this by Zarko Kovac, deputy chairman of the Citizens' Alliance of Serbia [GSS], who got the information from people who arrived recently from Bosnia.

"There is an atmosphere of paranoia in Pale. Radovan Karadzic has introduced censorship, and he is not informing the citizens about the numbers of casualties. People are afraid because of the courts martial and forceful mobilization," Korac said, adding that there would be no changes in Radovan Karadzic's behavior. "He did not respect the lives of people belonging to another nation, and he will not respect the lives of his fellow Serbs. He knows that he could be held accountable, but he also has ambitions to become the master of all Serbs."

According to Korac, the responsibility for what is happening in the parts of Bosnia held by Serbs lies with "the authors of the national program who are now sitting quietly in Belgrade." Dr. Korac is also concerned by the fact that the national opposition block in Serbia thinks that anything goes when it comes to the national interests. "This means that they would have allowed the same means used by Karadzic now if it came to a conflict in Serbia, for example in Kosovo," Korac said.

Albanians Behind Heroin Trafficking in South

LD1611114694 Belgrade TANJUG in English 1124 GMT 16 Nov 94

[FBIS Transcribed Text] Vranje, Nov. 16 (TANJUG)—Serbia's southernmost villages of Veliki Trnovac, Bujanovac and Presevo have become an increasingly important genuine heroin triangle in the European drug-dealing chain.

This fact may be illustrated by frequent arrests of drug dealers from the area and by many claims by Interpol and many western European police departments that these villages, especially Veliki Trnovac, were listed on their heroin maps.

Fast to react and quick to adapt to any surprise, Veliki Trnovac, one of Serbia's biggest villages with an exclusively ethnic Albanian population, was in the forefront of drug-dealing routes. The village used to have a mixed population. Serbs, too, used to live in Veliki Trnovac and the village's elementary school had Serbian-language classes attended by scores of Serbian pupils.

After escalation of ethnic Albanian chauvinism, the Serbs left Veliki Trnovac under threats from ethnic Albanian threats. The ethnically cleansed village has become ideal ground for shady illegal deals, which began with arms smuggling and was justified by ethnic Albanians' 'great, primeval love of arms.'

In addition to arms smuggling, the villagers of Veliki Trnovac expanded their 'business' with illegal tobacco trade, while illegal trade of oil derivatives was also on the rise. The villagers have travelled to Turkey to visit their real or imaginary relatives and buy drugs in Istanbul. They brought drugs back to the village and ethnic Albanians working abroad undertook their distribution throughout Europe.

The drugs now came also via the former Yugoslav republic of Macedonia. The village has grown into Europe's big and important drug-Mafia center.

Veliko Trnovo's ethnic Albanians were very often arrested for drug-trafficking and the village itself has gained notoriety in police bulletins around the world. Villagers of Veliko Trnovo have had largely helped heroin to promptly reach the United States where the Albanians' drug lobby has the main say in the drug business.

Vranje police in 1994 arrested over a very short period 20 drug smugglers operating with about 2 kilos of heroin intended for Hungary. Many villagers of Veliko Trnovo made enormous profits from drug dealing. Thus, they build not houses but palaces with ten or so rooms, surrounded by high walls to ensure privacy.

Also, an ethnic Albanian from southern Serbia bought a piece of arable land several years ago and paid for it in imported gold bars with a Swiss bank stamp.

Kosovo

LDK's Agani Cites Human Rights Violations

AU1511105094 Tirana RILINDJA in Albanian 12 Nov 94 p 3

[Report by Behxhet Haliti on news conference held by Fehmi Agani, LDK deputy chairman, in Pristina on 11 November: "International Commitment to Kosova Increases"]

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[FBIS Translated Text] At yesterday's Democratic League of Kosova [LDK, DSK in Serbo-Croatian] news conference, a Serbian journalist asked LDK Deputy Chairman Fehmi Agani to comment on the Serbian Socialist Party's stand on Kosova, which is that there can be talks on everything but secession.

We are not in favor of secession, Agani said. Yugoslavia, of which we were once one of the federal units, no longer exists. Serbia, in an anticonstitutional fashion, has imposed on us a status that we do not accept. We, as Yugoslavia disintegrated, sought to organize ourselves and to decide for ourselves. As for a readiness for dialogue, our position is well known. The very fact that the Serbian side says that there can be dialogue over every issue apart from secession shows that it is not for unconditional dialogue. While the repression in Kosova continues, the premises for successful dialogue indeed do not exist. The first sign of a disposition to dialogue would be an end to the repression.

A Consensus on Democratic Change is Vital in Albania

Dr. Agani commented on five current issues concerning the Albanians and Kosova: President Rugova's visit to the Netherlands, the reports of Tadeusz Mazowiecki and of the Council for the Defense of Human Rights and Freedoms, the repression in Kosova, and the people's health. As usual, there were also journalists' questions.

President Rugova's visit to the Netherlands, his meetings with Foreign Minister Hans van Mierlo, with the chairmen of the parliamentary groups in the Dutch Parliament, and with other representatives of political and charitable institutions have been a further step toward internationalizing the question of Kosova. We welcome this visit and its talks, valuing it as a sign of the growing international interest in and commitment to a solution of the problem of Kosova. The recent visits of representatives of the Embassies of the United States, Germany, and France to Prishtina and their talks with representatives of Albanian political life in Kosova were also signs of this kind.

Agani went on to say that the referendum for the constitution of the Republic of Albania was a free expression of opinion that did not give a vote of confidence to the proposed text. He commented that both the tense political campaign preceding the referendum and its result indicate the extent of the difficulties in the laborious and complicated process of change, reform, democratization, and European integration. The depth of these processes and the difficulties call for a broad, interparty national consensus for the further sociopolitical democratization and reform of the Albanian state and Albanian society. We think, the LDK chairman said, that creating this consensus for further democratic transformation will be both a test for and a testimony to the maturity and vigor of the Albanian political movement and all its members, and will be the way to avert stalemate and harmful confrontations. Agani said that we hope that there will soon be an expansion of the social and political base of democratic transformation and political consensus, not only giving Albania a democratic constitution, but enabling the country to advance faster on the road of reform, democratic development, and integration in Europe.

A New Escalation of Repression

Professor Agani went on to say that the report of the Kosova Council for the Defense of Human Rights and Freedoms on the situation in the first 10 months of this year and the report of Tadeusz Mazowiecki, the UN special envoy for human rights in the former Yugoslavia, clearly show that repression and violations of human rights in Kosova are a constant political element of Serbian rule in Kosova. These reports have been comprehensive and systematic. The attested chronicles of deaths, injuries, torture (about 1,700 people), arrests (about 2,500 people), political prisoners, thousands of raided family homes, and thousands of people summoned to what are called informative discussions are the most serious charges against Serbian rule and Serbian claims in Kosova.

Unfortunately, there was a new escalation of the repression last week. There was a significant increase in the number of houses raided, the numbers of people summoned to the police, and incidents of police maltreatment and intervention. Ymer Muli died a few days after being beaten by the police. The Army held an orgy at Elez Han [Djeneral Jankovic]. The Financial Police plundered 1.5 million dinars in Peje, Decan, Istoq, and Kline. Prishtina market was plundered. Meanwhile, tax collectors with police escorts are behaving in the most brutal fashion, taking hostages and confiscating agricultural tools, as in the case at Caber. Tax collectors have begun to collect what is called the land tax, which, in our densely populated countryside with its shortage of land, means nothing short of taking bread out of the mouths of the Albanians peasants. Meanwhile, new villages are being built for Serbian colonists, who have been promised many benefits.

Professor Agani also reported some very disturbing news. People are being kidnapped and tortured; parts of their bodies are even burned by electrical equipment, and they are forced to sign declarations that interfere in an exceptionally brutal fashion in the work of Albanian parties, and are also a serious provocation on the part of the Serbian state. This is a serious warning of the provocations this state might organize.

Prof. Agani said that one could not conclude this chronicle of violence against the Albanians of Kosova without mentioning the very alarming health situation in Kosova. This is best shown by the figures from October alone, indicating 250 cases of hepatitis in Podujeve, 17 cases of intestinal typhus in Rahovec, and about 1,500 cases of enterocolitis, five of them fatal. While we appeal to the population to take hygienic measures to prevent the spread of infection, we cannot fail to directly blame the Serbian regime for destroying the health service in

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Kosova, and for its indifference, lack of professionalism, and total incompetence in protecting the population's health.

The Serbs Even Use Refugees in Order To Realize Their Hegemonistic Claims

Asked to comment on the statement by the Serbian republican commissioner for refugees, who said that new plans must be made to colonize Kosova, and her assertion that the Albanian refugees whose return has been announced by the West are sworn enemies of Serbia, Professor Dr. Fehmi Agani replied that the statement by Mrs. Buba Morina is not a statement by an individual, but part of a policy of forcibly colonizing Kosova and forcibly changing Kosova's ethnic structure. This policy has been made explicit and implemented in Kosova since 1990. We oppose this police, Dr. Agani said, because it is genocidal to its core, and we are dismayed to see even refugees being used in order to realize hegemonistic Serbian claims.

Another question was whether Dr. Agani was aware of Serbian plans (heard even in the Serbian parliament) to urgently transfer certain factories from Kosova to Serbia.

We have information about action of this kind, and if there is action, there must have been plans. If such plans exist, Professor Agani said, they contradict every stated policy of supposedly helping Kosova.

One journalist sought to know the LDK's attitude to the anticipated return of Albanians from Western countries. Professor Agani said that we only have warnings that a number of Albanians whose status has not been settled will be returned by some Western countries. Our attitude is well known, and we have informed these countries in diplomatic ways that the return of Albanians to Kosova should be if possible delayed. First, conditions for their safe return are not available. Second, their return would only further exacerbate the situation in Kosova.

We have asked for these persons to be given temporary shelter until normal conditions for their return are ensured.

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